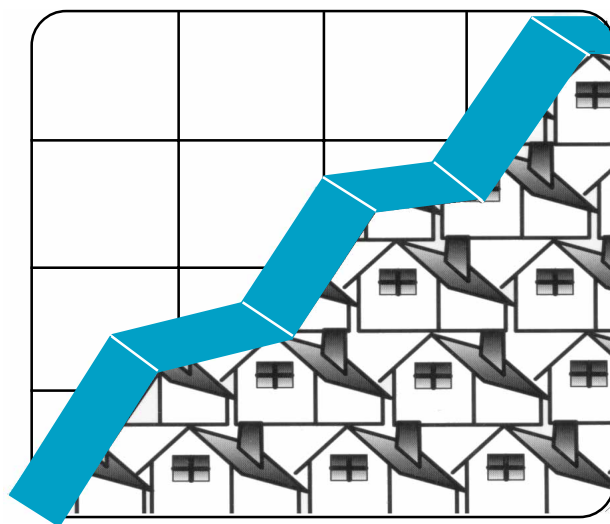


1995 SPRING

# Alaska Housing Market Indicators

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1995  
SPRING

PUBLISHED DECEMBER 1995

# Alaska Housing Market Indicators

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Spring 1995

January-June 1995

## Prepared by

Alaska Housing Finance Corporation

Daniel R. Fauske

Chief Executive Officer/Executive Director

Alaska Housing Finance Corporation

Planning and Program Development Department

Alaska Department of Labor

Research and Analysis Section

Tony Knowles

Governor

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**Editor:**

Mitzi Barker, AICP

**Design & Layout:**

Miguel Barragan

**Editorial Board:**

Kris Duncan

Jeff Judd

Mark Romick

Miguel Barragan

**Contributors:**

Bob Elliott

Jeff Hadland

Jeff Judd

Peter Lang

Aveline Loving

Bob Pickett

Scott Waterman

Duane Wise



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## Editor's Note

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**W**ith this issue, *Alaska Housing Market Indicators* moves to a semi-annual publication schedule. Much has changed since *Indicators* began publication in 1990, especially the market volatility that characterized the late 80s and early 90s, and spawned the need for timely and accurate housing market information. In response to that need, AHFC, in partnership with the lending community and the Alaska Department of Labor, created *Alaska Housing Market Indicators* to serve as a vehicle to chart the health of the housing industry and to keep investors accurately informed about trends in Alaska's housing market. At mid-decade, we find that the wide market swings of earlier years have given way to minute quarter-to-quarter variations, which of themselves hardly merit the attention and expense of a quarterly publication.

In its new semi-annual format, *Indicators* will continue to provide quarterly data, presented two quarters at a time. The spring issue will focus on the first half of the calendar year, while the fall issue will discuss trends of the third and fourth quarters. Rental market data will also appear in the spring, while the annual construction market basket survey will be highlighted in the fall issue. Each issue will also contain a feature article on a topic of current interest. The new format will allow for better comparison of trends over time, while significantly decreasing printing and distribution costs.

These changes will allow AHFC to continue to provide the public with useful information about Alaska's housing market, in a cost-effective manner. As always, your comments and suggestions are welcome and appreciated. Please contact us at:

### **Editor, Alaska Housing Market Indicators**

Alaska Housing Finance Corporation  
520 E. 34th Avenue  
Anchorage, AK 99503

Telephone: (907) 564-9242  
Fax: (907) 561-6063  
E-Mail/Internet: HN0746@handsnet.org

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## Acknowledgment

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**W**e wish to thank the primary and secondary mortgage lenders listed below for responding to our quarterly survey of mortgage loan activity and for their willingness to continue to participate in future surveys. The list includes the major government and private providers of mortgage funds in Alaska. Some of the participants are primary mortgage lenders. That means they originate loans to keep in their own portfolios or to sell them to participants in the secondary mortgage market. Institutions such as Alaska Housing Finance Corporation and Federal National Mortgage Association (Fannie Mae) operate in the secondary mortgage market, purchasing mortgages originated by primary lenders. Secondary mortgage activity is an important source of liquidity for mortgage lending. Although primary lenders and secondary purchasers differ, both provide financing for Alaskans to buy homes. For the purposes of this report, maintaining the distinction is not particularly important. Therefore, occasionally, there will be a reference to “lenders” or to “other lenders,” some of which are primary lenders and some secondary purchasers. Unless the difference is critical to the discussion, no distinctions are made.

Alaska Federal Savings and Loan  
Alaska Housing Finance Corporation  
Bank of America Alaska N.A.  
City Mortgage  
Denali State Bank  
Federal National Mortgage Association  
First Bank of Ketchikan  
First National Bank of Anchorage  
Key Bank of Alaska  
Mt. McKinley Mutual Savings Bank  
National Bank of Alaska  
Northrim Bank  
Rural Economic and Community Development  
Seattle Mortgage



# Executive Summary

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**H**ousing activity increased during the first six months of 1995, compared with the same period in 1994; an increase made possible in large part by a one-time reduced interest rate program offered by the Alaska Housing Finance Corporation, combined with a modest decline in home prices and a nominal increase in wage and salary income. The effect of increased affordability was the entry of lower and moderate income households into the ownership market, bolstering sales and lending activity. Without these new home buyers, whose household incomes averaged just over \$38,000, the traditionally slow first quarter would have been well off the pace of the previous year, and performance over the entire period could have been the lowest in three years. Thanks to the infusion of new buyers precipitated by the AHFC program, total loan volume was up nearly \$100 million statewide for the second quarter.

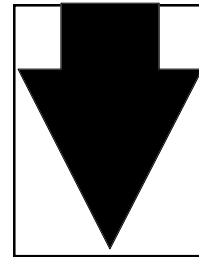
Short-term aberrations in employment, and interest rates do not present a clear picture of market trends. Beginning with the first quarter of 1992, the data collected for *Indicators* are of sufficient quality and integrity to permit trend analysis. Trend analysis is a mathematical process of applying a linear regression equation to a set of data which may swing wildly from period to period, to show graphically the overall movement of the variable being examined over time. In effect, it takes the attention off the peaks and valleys and refocuses it on where the road is heading. By looking at the general direction of the trend line, it becomes possible to make some predictions about the future.

By 1992, the market downturn of the late 1980<sup>s</sup> had about run its course, and sales prices began to inch their way upward again, resulting in a commensurate increase in loan volume. Since 1992, home ownership has become more affordable to more Alaskans, despite an increase of almost \$5,000 in the average home sale price as reported in the

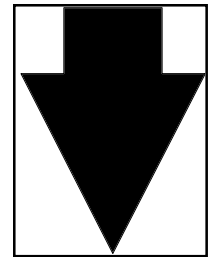
## Housing Market Indicators

January-June 1995

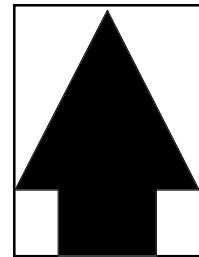
Compared with same period of 1994



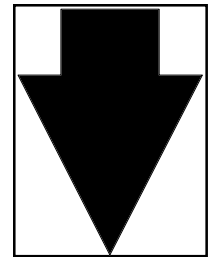
Mortgage Loan  
Rates



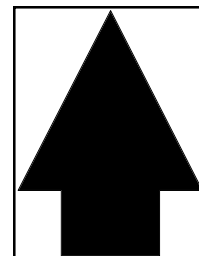
New Housing  
Units  
Authorized



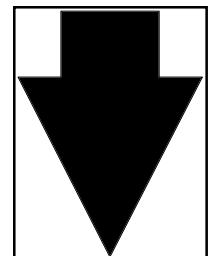
Home Prices



Wage and  
Salary  
Income



Dollar Volume  
of Loans



Affordability  
Index

# Changing Federal Housing Policies Spell New Challenges for Alaska

by Mitzi C. Barker

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**Mitzi C. Barker** is a planner for the Alaska Housing Finance Corporation. Based in Anchorage, she has over 20 years of experience in housing and community development, and coordinates the State of Alaska's Consolidated Housing & Community Development Plan. She is a Charter Member of the American Institute of Certified Planners.

**Acknowledgements:**  
The editor thanks Anchorage Neighborhood Housing Services, the Association of Alaskan Housing Authorities and the U.S. Department of Housing & Urban Development for information contributed to this article.

**S**ince territorial days, Alaskans have looked to federal government programs to help build, insulate and rehabilitate affordable homes. Over the years, the U.S. Department of Housing and Urban Development (HUD) has been the major source of new rural housing, through its Mutual Help Program, delivered in partnership with Regional Housing Authorities. Several thousand low-income Alaskans benefit directly through HUD-funded rental assistance or subsidized housing; hundreds of others live in housing constructed with loans provided by the U.S. Department of Agriculture's Farmer's Home Administration (now Rural Economic and Community Development). The total federal investment in affordable housing presently exceeds \$250,000,000 annually, including funds received through the Public Health Service as well as through HUD and USDA.

Assisted housing has been at the center of much of the debate surrounding welfare reform. Declaring that the federal government “cannot...provide for the housing of every American citizen, or even a majority of its citizens...”, the Housing Act of 1995 reverses nearly fifty years of national housing policy, as set forth in 1949 by Congress, embodied with the goal of a decent home in a suitable living environment for every American family. The 1995 Act radically restructures most federal housing and community development programs into three large block grants, to be distributed to states and localities by formula. Typically, Alaska has not fared well in formula allocation plans, owing to the state’s small population base, relatively young housing stock, and a high statewide per capita income when compared to other states.

Congress is not waiting for the passage of the 1995 Housing Act to take the opportunity to reduce housing funding. Rescissions of federal fiscal year 1995 funds resulted in a loss of over \$16.5 million to Alaska, representing a 27% decrease in federal support for affordable housing and weatherization programs statewide. Regional Housing Authorities, the major delivery system for affordable rural housing, were profoundly impacted by the rescissions, losing \$14.6 million in FY 1995 Indian Housing Development funds, representing a loss of close to 70 homes for rural Alaskans.

***Rescissions of federal  
fiscal year 1995 funds  
resulted in a loss of  
over \$16.5 million to  
Alaska***

Although there are many differences in the FY 1996 appropriation bills being considered by the House and the Senate, one theme predominates: the amounts available will be substantially reduced from prior years. The House plan would cut aid to the homeless by almost 40%, while support to Alaska’s housing authorities to combat crime and substance abuse among assisted housing residents would be zeroed out, a loss of nearly \$700,000. Funds to renovate aging public housing facilities would be cut by almost \$8 million in FY 1996; subsidies provided by HUD to assist housing authorities in operating public housing at rents affordable to very low income tenants could be as much as \$700,000 below FY 1995 funding.

Funding for the popular Section 8 program, which provides rent subsidies to low-income Alaskans renting housing from private landlords, would not escape the ax either. Over 4,500 Alaskan families are currently waiting for Section 8 assistance. Cuts to this program of approximately \$1.6 million in federal fiscal year 1996 will mean that 183 families will not be able to obtain decent housing at a price they can afford to pay. Rental subsidies have made private rental housing affordable to low-income Alaskans, and have helped many landlords weather the storms of economic tumult. Reductions in rental subsidies will not only put decent housing out of the reach of many families, but could contribute to accelerated deterioration of the low-end

housing stock, as landlords lack sufficient capital to reinvest in property upkeep and improvement, the result of high tenant turnover and lower return on investment.

Elimination of the Low Income Housing Tax Credit program is also proposed in the budget now under consideration by Congress. Since 1987, this program alone has developed 600 affordable housing units, through a combination of acquisition, rehabilitation and new construction, in partnership with private lenders, nonprofit project sponsors, and private developers.

The impact of reduced federal housing dollars on the state's economy extends well beyond those families who directly benefit by living in subsidized housing. The multiplier effect of federal funds spent for design, construction, and operation of affordable housing is significant. As reported in *Alaska Housing Market Indicators* for the third quarter of 1993, the economic impact of housing development includes not only building materials purchased, or wages paid to construction workers. New homes need to be furnished with floor coverings and appliances. Families who are able to obtain affordable housing are able to use more of their limited incomes to purchase food, clothing, and other necessities. They also retain a marginal amount of income that can be used for more discretionary purchases, such as small appliances, linens, furniture, entertainment and other items typically enjoyed by families of modest means. Many businesses, small and large, rely heavily on the housing industry to create and maintain demand for their goods and services.

***Housing opportunity  
equals  
economic opportunity***

In communities where employment opportunities are scarce, the loss of federal housing funds means lost economic opportunity in addition to lost housing opportunity. The U.S. Department of Commerce estimates that for each \$1 million investment in new construction, 10 jobs are created.

For maintenance and rehabilitation, the multiplier is 16.9. Using these factors, the 1995 rescissions cost Alaska an estimated 173 jobs. Of these jobs, 146 were related to housing development activities of Regional Housing Authorities and likely would have primarily benefitted rural Alaskans.

The impact of proposed Congressional reductions in HUD funding will mean a loss of approximately 150 Alaskan jobs in federal fiscal 1996. These workers would have performed necessary maintenance and improvements to protect the public investment in existing publicly-owned housing developments, or been employed in industries providing building materials and supplies, or in other jobs that benefit from the multiplier effect of the expenditure of these dollars. These jobs ripple through an entire community, providing goods and services, entertainment, groceries and homes to workers employed in the construction industry.

While housing block grants portend lower funding levels for the State of Alaska, broader program guidelines may enable the state to design programs that are more responsive to the state's unique social, geographic and climatic conditions than traditional one-size-fits all federal programs. The potential benefits of block grants, however, are more than offset by the magnitude of the proposed funding reductions.

Alaska has made important strides in the past several years in expanding and enhancing its housing delivery system. New organizations dedicated to the development of affordable housing have sprung up across the state, spurred on in part by the availability of targeted housing development funding and federal resources for training and technical assistance. The state's network of Regional Housing Authorities is working together with communities to envision and implement new approaches to improving housing conditions in the most remote areas of the state. Other state agencies and organizations serving Alaskans with special needs have increased their coordination and collaboration, resulting in new partnerships, and most importantly, new housing resources.

Unfortunately, this progress may be abruptly curtailed as massive reductions in federal support for affordable housing come at the same time as state funding is also shrinking. Many programs may have to be sacrificed entirely in the face of combined federal and state funding cutbacks, despite well-documented need and high degrees of program effectiveness.

Cuts in technical assistance and aid to non-profits, together with reductions in supplemental development grants to Regional Housing Authorities will significantly decrease the number of units these organizations can deliver in the state's most needy communities.

***Massive reductions in federal funding come at the same time as state resources are shrinking***

Diminishing state revenues have resulted in increased competition among rival interests, heightening the potential for accelerated diversion of resources once available for housing purposes to other budgetary needs. The financial strength of the Alaska Housing Finance Corporation, which has grown steadily over the past twenty years into one of the nation's most successful housing finance agencies, is a major asset that can be harnessed in tandem with the new federal programs, multiplying federal dollars many times over and softening the blow of reduced federal investment. However, to several interests, AHFC also represents a rich source of funds to bolster up a limping state capital budget, by infusing funds into projected budget shortfalls. With each such infusion, the state's ability to respond to its housing needs is reduced, and the long-term public investment in its publicly-owned housing and related infrastructure is threatened by the specter of creeping obsolescence and deferred maintenance.

***Needs continue to increase despite declining resources***

Despite drastic reductions in housing funding, the need for affordable housing is increasing. While unemployment has been on the decline, most of the new jobs created in the last three years have been in the relatively low-wage retail trade and services sectors, according to the Alaska Department of Labor. Approximately 40% of all new jobs being created today are in low-wage industries. High growth in these low-wage jobs, coupled with stagnant job growth in higher-wage industries translates into much slower growth for Alaska's average wage, compared to other places in the nation. When the average wage is adjusted for inflation to reflect real purchasing power, a definite downward trend emerges (see *Executive Summary, this issue*).

Alaska's senior population continues to grow at a much faster rate than in any region of the lower 48 states. Between 1980 and 1990, the 65+ age group doubled, compared with an overall population increase of 37% for the state. Over the next decade, their numbers are expected to increase by 61.8%. This rapid aging of Alaska's population means increasing demand for affordable, and in many cases, accessible housing supported with an array of special services.

Housing conditions in rural Alaska, where the state's lowest income households reside, will continue to deteriorate. An alarming number of rural Alaskans reside in seriously overcrowded or unsafe, unhealthy homes. The federal housing programs that have nibbled away at rural housing shortages are now in danger of being severely reduced, leaving many rural Alaskans with little hope for improving their living conditions.

***Federal program reductions may leave rural Alaskans with little hope for improving their living conditions***

In addition to proposed reductions in housing assistance, welfare reform will also reduce the amount of federal funding flowing to states. It is estimated that Alaska will lose \$170.5 million over a five-year period for public assistance, child welfare, child care, job preparation and training programs, and food stamps and other nutrition programs. According to a recent study commissioned by Anchorage Neighborhood Housing Services, the single largest group of Alaskans who will be affected are the 12,482 families now receiving assistance through Aid to Families with Dependent Children. Over 80% of these families have only one parent present; two-thirds of all family members are children, almost 24,000 children in all. Many of these families will also bear the brunt of declining levels of housing aid, and may ultimately have to choose among purchasing food, making a rent payment, or keeping the lights and heat on.

Keeping the lights and heat on will be even more difficult in the face of proposed reductions of U.S. Department of Energy (DOE) funds received by the State of Alaska and Alaska Native organizations to provide low-income energy payment assistance. The Low-Income Home Energy Assistance Program (LIHEAP) provides third-party payments to utility companies to lower utility costs and to meet emergency energy assistance needs. The program gives priority to elderly and disabled Alaskans, and to families with minor children in the home. Under the Senate appropriations bill, LIHEAP funds available to Alaskans would be cut by \$2.3 million in federal fiscal year 1996, resulting in 6,571 fewer families receiving assistance when compared to 1995 funding levels. The House version of the bill eliminates the program entirely, potentially leaving nearly 20,000 needy Alaskan families literally in the cold this winter.

***Proposed cuts impact  
Alaska's most  
vulnerable citizens***

With little new affordable housing development on the horizon, housing rehabilitation and energy-efficiency become increasingly important. DOE-funded weatherization programs, offered through AHFC in partnership with a cadre of non-profit sponsors, help to preserve the existing housing stock by making modest improvements to the properties designed to increase the economic life while lowering fuel consumption and operating costs, and increasing home safety. One of the most common repairs made under the weatherization program is repair or replacement of faulty heating systems. Aside from fuel consumption considerations, these heating systems, when left untreated present life-threatening hazards from carbon monoxide emissions or fire. A much-abbreviated program would be the outcome of even the best-case appropriation scenario, with a reduction of \$800,000 over previous funding levels. Under this scenario, 265 Alaskan households would not receive residential weatherization measures in federal fiscal year 1996.

The last major restructuring of federal housing programs took place over fifteen years ago, and its effects were not as far-reaching as those currently being considered in Washington. Alaska's small population and prosperous economy insulated the state from much of the impact of the Reagan-era reforms. Compared with today, there were fewer Alaskans in need a decade and half ago, and the state's economic outlook was robust, blooming with the promise of oil-based revenues flowing from Prudhoe Bay. The economy swelled with high paying oil industry jobs, and the shortage of manpower to service the growing economy engendered a period of generous wages for non-technical and services sector jobs as well. Housing construction was in high gear, building both apartments and single family homes to meet the growing demand.

***Meeting this challenge  
will require making  
hard choices***

Alaska in 1995 is not so well positioned to deflect the impact of this round of federal restructuring. Framing the state's response to these challenges will require vision, and the courage to propose and pursue some new ideas in meeting the housing needs of Alaska's citizens. It will also require making choices about the relative value of a decent, affordable home and safe living environment for all Alaskans.

## Congressional Appropriations Bill Highlights

Fiscal Year 1996, as of September 11, 1995

Dollars in Millions

Notes:  
\* Consolidated into a \$1.4 billion special needs housing fund with 202, 811 and HOPWA.

Source: Department of Housing and Urban Development.

Programs	FY 1995 Budget	FY 1996 House Appropriations	FY 1996 Senate Proposed Appr.
<b>Public Housing Capital Fund</b>	<b>\$4,782</b>	<b>\$4,884</b>	<b>\$3,210</b>
PHA & IHA Modernization	\$3,700	\$2,500	\$2,510
PH Development	\$300	\$0	\$0
HOPE VI	\$500	\$0	\$0
Indian Housing Development	\$282	\$100	\$200
Other	N/A	\$15	\$500
<b>Public Housing Operating Fund</b>	<b>\$3,207</b>	<b>\$2,517</b>	<b>\$3,090</b>
Operating Subsidies	\$2,900	\$2,500	\$2,800
Drug Elimination Grant	\$290	\$0	\$290
PH Service Coordinators	\$0	\$17	\$0
PH Supportive Services	\$17	\$0	(\$80)
<b>Housing Certificate Fund</b>	<b>\$3,724</b>	<b>\$6,114</b>	<b>\$5,090</b>
PH Replacement Vouchers	N/A	\$862	\$0
Incremental Rental Assistance	\$830	\$0	\$240
Section 8 Contract Renewals	\$2,159	\$4,642	\$4,350
Section 8 Amendments	\$735	\$610	\$500
Other (Choice Residence, FSS)	\$0	\$0	\$0
<b>Community Opportunity Fund</b>	<b>\$6,342</b>	<b>\$5,600</b>	<b>\$5,980</b>
CDBG	\$4,600	\$4,600	\$4,600
Economic Develop. Initiative/ Colonias	(\$350)	\$0	(\$80)
Section 108 Loan Limit	\$2,054	\$1,000	\$1,500
Youthbuild	\$38	\$0	(\$40)
<b>Affordable Housing Fund</b>	<b>\$2,714</b>	<b>\$2,825</b>	<b>\$2,662</b>
HOME	\$1,400	\$1,400	\$1,400
202 Elderly	\$857	*	\$780
811 Disabled	\$259	*	\$233
HOPWA	\$171	*	\$171
National Homeownership Fund	\$0	\$0	\$0
Lead-Based Paint	\$15	\$10	\$75
Housing Counseling	\$12	\$12	\$0
Other (IH Loan Guarantee, HOPE 2, 3)	N/A	\$3	\$3
<b>Homeless Assistance Fund</b>	<b>\$1,120</b>	<b>\$676</b>	<b>\$760</b>
<b>Other Programs/ Expenditures</b>	<b>\$2,218</b>	<b>\$872</b>	<b>\$1,996</b>
FHA MF Credit Subsidy	\$188	\$70	\$100
FHIP/ FHAP	\$33	\$30	\$30
Flexible Subsidy	\$42	\$0	\$0
LMSA	\$2	\$0	\$0
MF Property Disposition	\$555	\$0	\$261
Preservation	\$175	(\$200)	\$624
Special Purpose Grants	\$268	\$20	N/A
Salaries and Expenses	\$955	\$952	\$981





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## Section 1

# Results of the Quarterly Survey of Alaska Lenders

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**A**

special low-interest program offered by the Alaska Housing Finance Corporation provided short-term stimulus in the first half of 1995 to a housing market laboring under the influence of rising interest rates and increasing purchase prices. The program, popularly known as the 5% Program, offered low-and-moderate income home buyers an attractive fixed 30-year interest rate of 5%, on a maximum \$135,000 loan for purchase of a principal residence. Funds for the program were the proceeds of arbitrage earned by AHFC on several outstanding tax-exempt single-family mortgage bond issues. Federal tax law requires that excess arbitrage earned through such transactions be reinvested in similar mortgages, or repaid to the US Treasury. AHFC designed the 5% Program to utilize available arbitrage proceeds and bring the yield into compliance with IRS regulations.

# NewLoanActivityAlaska

## Single-FamilyHomesandCondominiums,IncludingAHFC

1stQtr1992-2ndQtr1995

Table 1-1

Quarter	Number of Loans	Average Loan	Total Loans	Average Sales Price	Total Sales Price	Loan- To-Value Ratio (%)
<b>Total Single-Family and Condominium Residences</b>						
2Q95	2,324	\$119,410	\$277,509,205	\$137,069	\$318,548,674	87.1
1Q95	1,563	115,434	180,423,456	132,096	206,466,243	87.4
4Q94	1,688	117,151	197,751,617	135,568	228,839,041	86.4
3Q94	1,906	114,631	218,486,140	134,354	256,079,594	85.3
2Q94	2,432	114,230	277,806,431	135,227	328,871,864	84.5
1Q94	3,100	115,887	359,248,623	141,694	439,251,706	81.8
4Q93	3,613	114,722	414,489,558	137,774	497,777,277	83.3
3Q93	3,463	114,668	397,096,973	136,831	473,844,873	83.8
2Q93	2,877	111,510	320,814,796	133,227	383,293,262	83.7
1Q93	2,251	113,573	255,652,022	137,551	309,627,701	82.6
4Q92	3,026	111,689	337,972,182	136,046	411,676,220	82.1
3Q92	2,377	112,227	266,764,425	130,830	310,982,636	85.8
2Q92	2,633	112,731	296,820,230	137,779	362,773,390	81.8
1Q92	1,927	106,916	206,026,301	130,794	252,040,533	81.7
<b>Single-Family Residences</b>						
2Q95	2,154	\$123,141	\$265,246,099	\$141,593	\$304,990,710	87.0
1Q95	1,458	118,573	172,879,863	135,836	198,048,388	87.3
4Q94	1,617	119,379	193,035,107	138,154	223,394,663	86.4
3Q94	1,811	117,093	212,056,151	137,242	248,546,084	85.3
2Q94	2,328	115,511	268,910,367	137,002	318,939,733	84.3
1Q94	3,015	117,027	352,836,845	143,231	431,840,807	81.7
4Q93	3,517	115,984	407,917,184	139,289	489,877,956	83.3
3Q93	3,386	115,601	391,425,529	138,010	467,301,091	83.8
2Q93	2,764	113,442	313,552,306	135,661	374,967,087	83.6
1Q93	2,167	115,178	249,589,964	139,631	302,581,206	82.5
4Q92	2,918	112,897	329,434,137	137,848	402,239,104	81.9
3Q92	2,265	113,184	256,360,862	132,342	299,754,526	85.5
2Q92	2,538	113,686	288,535,638	139,267	353,458,812	81.6
1Q92	1,876	107,925	202,466,751	131,705	247,079,277	81.9
<b>Condominium Residences</b>						
2Q95	170	\$72,136	\$12,263,106	\$79,753	\$13,557,964	90.4
1Q95	105	71,844	7,543,593	80,170	8,417,855	89.6
4Q94	71	66,430	4,716,510	76,681	5,444,378	86.6
3Q94	95	67,684	6,429,989	79,300	7,533,510	85.4
2Q94	104	85,539	8,896,064	95,501	9,932,131	89.6
1Q94	85	75,433	6,411,778	87,187	7,410,899	86.5
4Q93	96	68,462	6,572,374	82,285	7,899,321	83.2
3Q93	77	73,655	5,671,444	84,984	6,543,782	86.7
2Q93	113	64,270	7,262,490	73,683	8,326,175	87.2
1Q93	84	72,167	6,062,058	83,887	7,046,495	86.0
4Q92	108	79,056	8,538,045	87,381	9,437,116	90.5
3Q92	112	92,889	10,403,563	100,251	11,228,110	92.7
2Q92	95	87,206	8,284,592	98,048	9,314,578	88.9
1Q92	51	69,795	3,559,550	97,280	4,961,256	71.7

Note: Based on survey in Alaska of 13 mortgage lenders in 1992 and 14 beginning 1st quarter of 1993.

Source: Alaska Department of Labor, Research and Analysis Section.

# Alaska Single-Family Loan Activity

Including AHFC  
2nd Qtr 1995

Table 1-2

Note: Based on survey of 14 private and public mortgage lenders.		Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales Price	Percent Market Value
Source: Alaska Department of Labor, Research and Analysis Section.		Anchorage	1,327	\$129,940	\$172,430,291	65.0	\$149,267	\$198,077,100	64.9
		Mat-Su	209	96,502	20,168,858	7.6	108,067	22,586,015	7.4
		Fairbanks	192	104,583	20,079,964	7.6	117,482	22,556,552	7.4
		Kenai	110	94,601	10,406,087	3.9	111,714	12,288,502	4.0
		Juneau	134	132,131	17,705,541	6.7	158,017	21,174,301	6.9
		Ketchikan	60	143,795	8,627,677	3.3	170,188	10,211,292	3.3
		Rest of State	122	129,735	15,827,681	6.0	148,336	18,096,948	5.9
		<b>Statewide Total</b>	<b>2,154</b>	<b>\$123,141</b>	<b>\$265,246,099</b>	<b>100.0</b>	<b>\$141,593</b>	<b>\$304,990,710</b>	<b>100.0</b>

# Alaska Condominium Loan Activity

Including AHFC  
2nd Qtr 1995

Table 1-3

Note: Based on survey of 14 private and public mortgage lenders.		Location	Number of Loans	Average Loan	Total Loans	Percent Loan Volume	Average Sales Price	Total Sales Price	Percent Market Value
Source: Alaska Department of Labor, Research and Analysis Section.		Anchorage	149	\$73,292	\$10,920,442	89.1	\$80,726	\$12,028,150	88.7
		Mat-Su	2	80,875	161,750	1.3	86,000	172,000	1.3
		Fairbanks	5	50,000	250,000	2.0	53,700	268,500	2.0
		Kenai	1	108,640	108,640	0.9	110,000	110,000	0.8
		Juneau	8	68,719	549,750	4.5	83,039	664,314	4.9
		Ketchikan	4	47,400	189,600	1.5	57,750	231,000	1.7
		Rest of State	1	82,924	82,924	0.7	84,000	84,000	0.6
		<b>Statewide Total</b>	<b>170</b>	<b>\$72,136</b>	<b>\$12,263,106</b>	<b>100.0</b>	<b>\$79,753</b>	<b>\$13,557,964</b>	<b>100.0</b>

Impact of the 5% Program on lending activity was significant. In the first quarter of 1995, the 5% Program can be credited with staunching what would have otherwise been a very negative quarter. With a total loan volume of only \$180.4 million, the first quarter had the lowest volume posted in three years, reflecting the continuing rise in mortgage interest rates. By the end of the second quarter, however, the effect of an interest rate reduction was well underway. Over half of the total loan volume during the second quarter is attributed to 5% Program loans, driving total loan volume to its first quarterly increase in six quarters, up nearly \$100 million statewide. Without the 5% Program, the volume increase would have been only \$44 million.

Average sales prices of homes in the lender survey were comparable to those reflected by the first six months of 1994, running only .9% lower, at \$139,269. During the second quarter, average sales prices were \$141,593; without the 5% Program, which imposed a loan cap of \$135,000, sales prices would have risen to \$150,601, demonstrating that the special program resulted in a mix of home purchases concentrated in the lower and moderate price ranges.

Under the influence of the 5% Program, overall average interest rates reported in the lender survey declined from 8.62% to 7.47% in the first half of 1995. Absent the 5% Program, the average interest rate at the end of the second quarter would have been 8.07%. The end-of-quarter rate was virtually the same as the quarter average, possibly indicating that the latest rate fluctuation may be bottoming out.

The first half of both 1994 and 1995 had an average interest rate of 7.69%, weighted by dollar loan volume. The trend in rates, however, differed greatly between the two years, with the first half of 1994 characterized by rising rates, while the first six months of 1995 registered falling rates, no doubt led by the 5% Program.

Nationally, the second quarter of 1995 posted a 7.98% rate, representing the first decline in seven quarters, as reported by the National Association of Realtors (NAR). The first quarter rate had been 8.12%, while the prior year level was 7.42%. Rates fell successively each month throughout the quarter. Regionally around the country, the Northeast and South had the lowest rates in June (7.42%), while the Midwest had the highest at 7.55%.

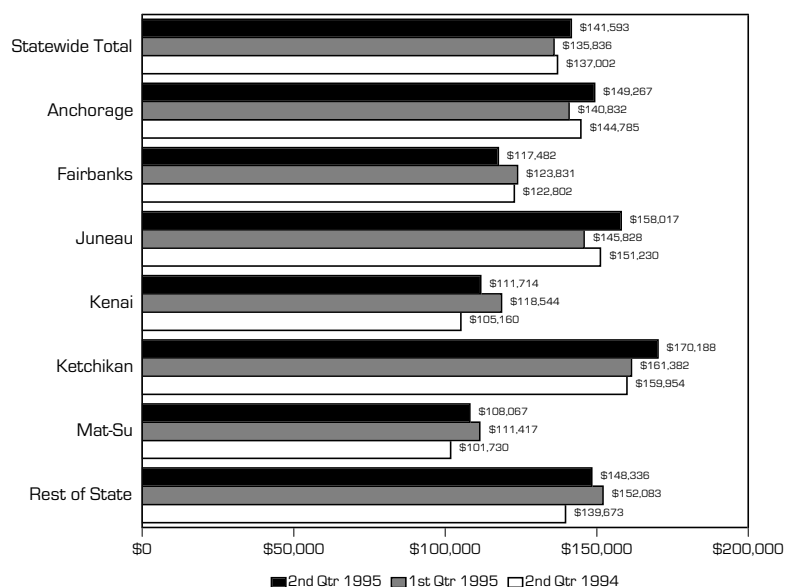
Loan-to-value (LTV) ratio is a method of comparing the amount of a mortgage loan to the market value of real property secured by the loan. Generally, lower LTVs decrease the amount of risk of default assumed by the lender, as the borrower's investment, or equity in the property is more substantial. Higher LTVs indicate that borrowers are able to obtain loans with smaller

## Average Sales Price

### Single-Family Homes

2nd Qtr 1995 vs Previous Qtr and a year ago

Figure 1-1



Note: Based on survey of 13 mortgage lenders in 1992 and 14 in 1993, 1994, and 1995.

Source: Alaska Department of Labor, Research and Analysis Section.

down payment. The first half of 1995 continued the previous year's trend of a rising average loan-to-value ratio, moving steadily upward to close at 87.3% for single family residences, compared to 81.7% at the end of 1994. Presence of the 5% program was strongly evident in LTV, which would have registered 85.3% in June without the 5% loans, which carried a 95% maximum LTV ratio.

Lenders are able to mitigate some of the risk of high LTV loans through mortgage insurance or guarantees, which protect the lender in case of default. The percentage of insured or guaranteed loans had been slowly rising throughout 1994, and jumped from 51.8% of all loans made to 65.2% during the first quarter of 1995. By June, the percentage had declined slightly to 62.7%, still heavily influenced by the 5% Program, which required mortgagees to purchase FHA mortgage insurance or obtain VA guarantees.

Monthly wage and salary income increased modestly at the end of the second quarter by 1.1%, reversing four quarters of decline. The increase, however, amounts to only \$29, and is not considered a significant factor in the affordability change posted for the first six months of 1995. In general, wage growth has slowed to a crawl statewide, owing primarily to the dominance of the lower-paying retail and service sectors, which account for approximately forty percent of new job creation. This trend could well portend future difficulties in finding affordable housing for a larger segment of the workforce, as real wage income continues to decline in the face of inflation.

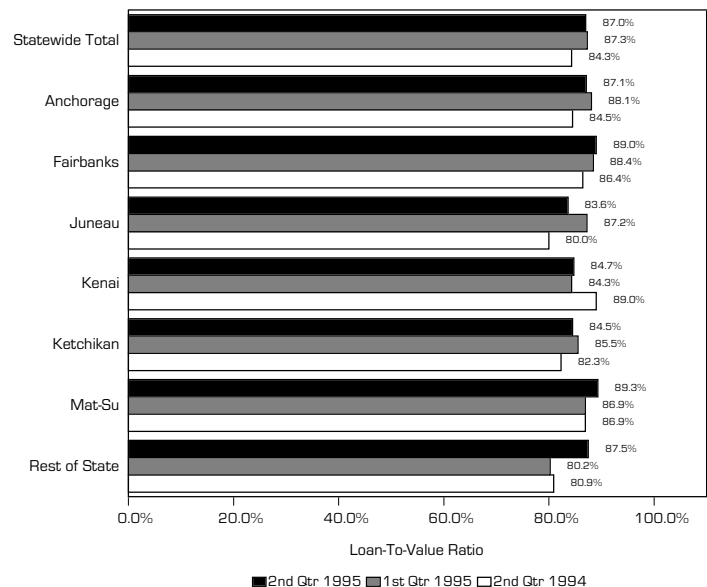
## Average Loan-to-Value Ratios

### Single-Family Residences

2nd Qtr 1995 vs Previous Qtr and a year ago

Figure 1-2

Source: Alaska Department of Labor,  
Research and Analysis Section.

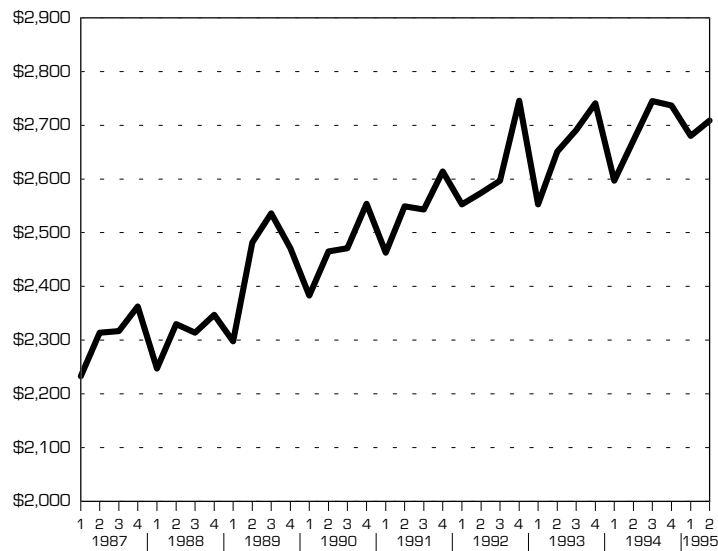


# Average Monthly Wage

## Statewide

1stQtr1987 - 2ndQtr1995

Figure 1-3



Note: Data for the 2nd Quarter 1995 is preliminary.

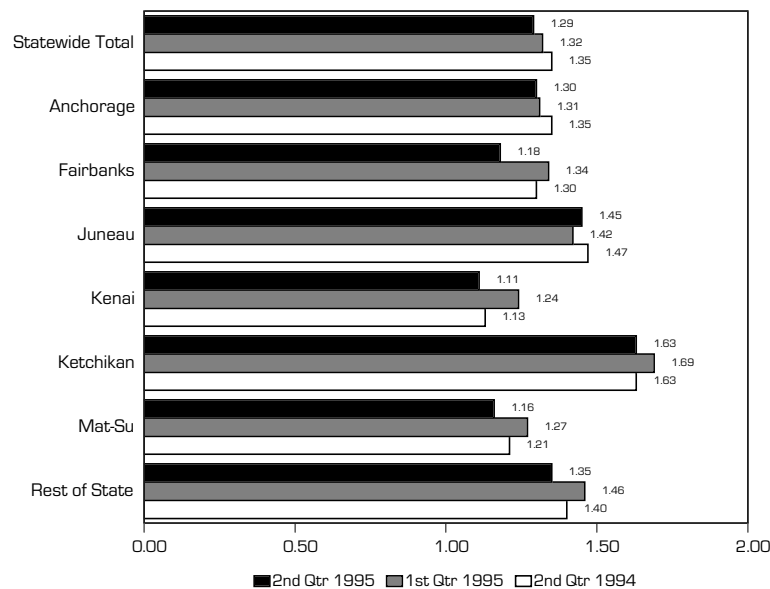
Source: Alaska Department of Labor, Research and Analysis Section.

# Alaskan Affordability Index

## Single-Family Residences, Private and Public Agency Lenders

2ndQtr1995vsPreviousQtrandayearago

Figure 1-4



Note: The Affordability Index is the number of earners needed to qualify for an 85% mortgage. Contrary to other common indexes, this one decreases when affordability improves, and increases when affordability declines. Therefore, a smaller affordability index or a decrease is always more favorable to buyers. Data for the 2nd Quarter 1995 is preliminary.

Source: Alaska Department of Labor, Research and Analysis Section.

Affordability is a function of wage income, interest rates and sales prices. The Alaskan Affordability Index measures the number of wage earners, each earning the average statewide wage required to purchase the average home, given prevailing interest rates and terms. Lower interest rates contributed to increased affordability to Alaskan home buyers, with the number of wage earners needed declining from 1.39 at year-end 1994 to 1.29 in June 1995. This meant that a household wishing to qualify for a 30-year mortgage with 15% down and an interest rate of 7.49%, would need about one and one-quarter earners receiving the average wage.

Regional variations in the affordability index are primarily the result of disparities in sales prices. In Ketchikan, the affordability index of 1.63, driven by the highest home prices in the state, means that nearly three-fourths of an additional wage-earner is required for the average home. Kenai, on the other hand, checked in as the state's most affordable market, requiring only 1.1 wage earners for the average home purchase. Historically, Ketchikan is the state's least affordable market, while Kenai and Mat-Su have been the most affordable.

Nationally, households have felt an affordability pinch, reflected in the housing affordability index compiled by the National Association of Realtors (NAR), due primarily to increasing prices of single-family homes. In five out of the last six quarters, homes have become less affordable, as measured by the NAR index. Unlike the Alaska index, the NAR index measures the ratio of median family income to require income to quality for a loan; the greater the index number, the more affordable. Because of the differences, the indices are not directly comparable, however, it is useful to examine national trends for comparison. Comparison in this case highlights the impact of low interest rates on affordability; Alaska's homes became more affordable at the same time national affordability was in decline.

Home sales in all regions of the country reached yearly highs during the second quarter, with a national average price of \$115,900, the highest price in the history of the NAR index. Housing starts, however, have not been as strong as predicted due to remaining large inventories of unsold homes.





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## Section 2

# AHFC Second Quarter Residential Loan Portfolio

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**A**s expected, AHFC's loan portfolio received a substantial boost from the Corporation's special 5% Program, introduced in the fourth quarter of 1994. The first quarter of 1995 saw the first of these loans closed, with additional loan closings occurring through the second quarter. The program comprised 40.3% of AHFC's total loan volume for the first quarter, and 66% in the second quarter. Although the program ceased accepting applications during the second quarter, a few additional 5% Program loans will show up in the third quarter, since they are not counted for statistical purposes until AHFC actually purchases the loan from the originating lender.

AHFC's average interest rate, including the 5% program as well as other AHFC lending products, closed out the first half of 1995 at 5.86%, falling from a first quarter rate of 6.65%. Throughout the first half of the year, AHFC's

average rate was over two full percentage points lower when compared to non-AHFC lenders, who averaged 8.13%. The following table illustrates the effect of these differing interest rates on principal and interest payment needed to repay a \$135,000 mortgage over 30 years.

#### Monthly Payment Changes with Interest Rate Fluctuations

	Interest Rate	Amount Financed	Term in Years	Monthly Payment (Principal/Interest)
<b>Non-AHFC Average Rate</b>	8.13%	\$ 135,000	30	<b>\$940</b>
<b>All Lenders Average Rate*</b>	7.50%	135,000	30	<b>\$872</b>
<b>AHFC Limited-time Program</b>	5.00%	135,000	30	<b>\$608</b>

*Source: Alaska Housing Finance Corporation, Planning and Program Development Department.*

The competitive advantage offered by the 5% program led many new home buyers to seek AHFC loans, as evidenced by the Corporation's dramatic increase in market share over the first two quarters. Compared with the first quarter of 1994, AHFC's market share increased almost fivefold for the same quarter of 1995. For the second quarter, AHFC garnered a double share of the total loan volume it had captured in the second quarter of 1994. On the average, these borrowers were 33.1 years old, with small families of 2.7 members. Household income for borrowers under the 5% Program was \$38,278, well below the statewide median income of approximately \$50,000 for a family of three, as calculated by the U.S. Department of Housing and Urban Development.

During the first half of 1995, AHFC loan numbers and dollar volume were twice those of the same period for the prior year. The total number of loans increased by 111.7% to 1,370, while loan volume rose 123.3% to \$158 million. Without the 5% Program, AHFC's performance during the period would have been a mixed result, with loan volume increasing by a modest 6.5%, and the number of loans falling by 8.8%.

The rural loan portfolio was not as heavily influenced by the 5% Program during the first quarter as evidenced by a slight overall interest rate increase for rural loans, from 7.61 to 7.82%. During the second quarter, however both urban and rural loan portfolios posted increased loan volume and declining interest rates, with the rural rate moving down to 6.99%. Rural loans tend to be a melange of traditional loans for home purchase, mixed with more specialized rural lending products such as rehabilitation/refinance, building materials loans, and direct construction loans, which accounts for the difference in the average interest rate for the rural loan portfolio compared to the urban portfolio.

# AHFC Market Share of Single-Family Residences

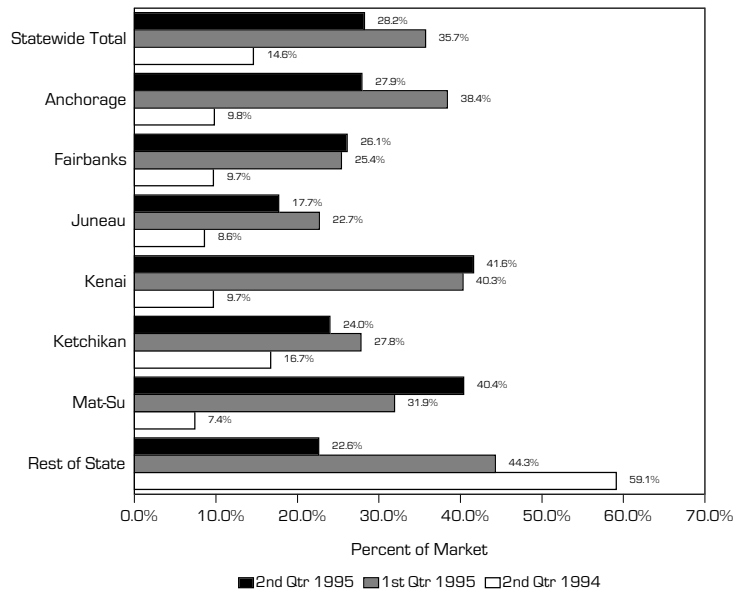
Based on Dollar Loan Volume

2nd Qtr 1995 vs Previous Qtr and a year ago

Figure 2-1

Note: Based on survey in Alaska of 13 mortgage lenders in 1992 and 14 in 1993, 1994 and 1995.

Source: Alaska Department of Labor, Research and Analysis Section.



# Dollar Volume of Loans by Lender

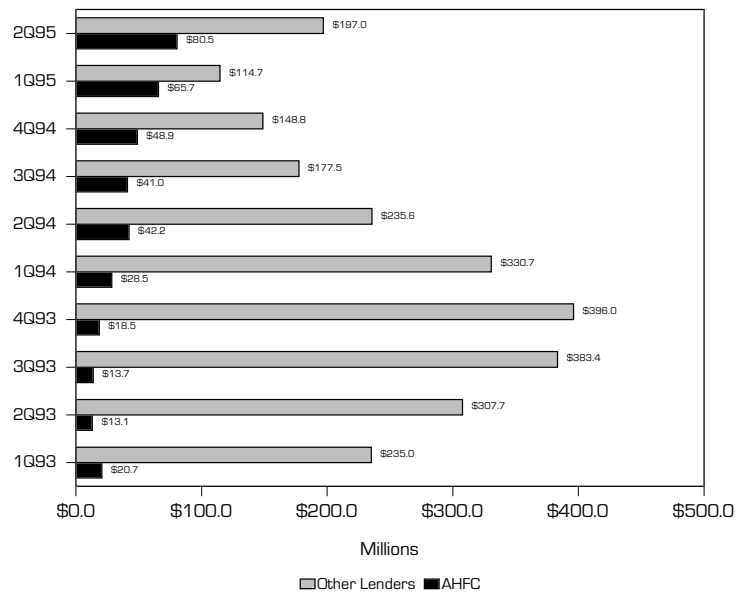
Single-Family and Condominiums

1st Qtr 1993 through 2nd Qtr 1995

Figure 2-2

Note: Based on a survey of 13 mortgage lenders in 1992 and 14 in 1993, 1994, and 1995.

Source: Alaska Department of Labor, Research and Analysis Section.

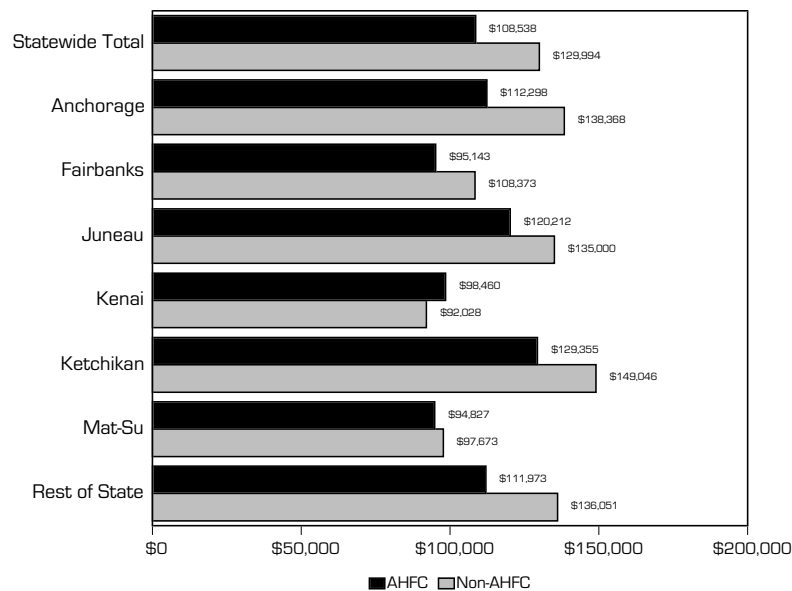


# AHFC and Non-AHFC Average Loan Amount

## Single-Family Residences

2nd Qtr 1995

Figure 2-3



Note: Based on survey in Alaska of 13 mortgage lenders in 1992 and 14 in 1993, 1994, and 1995.

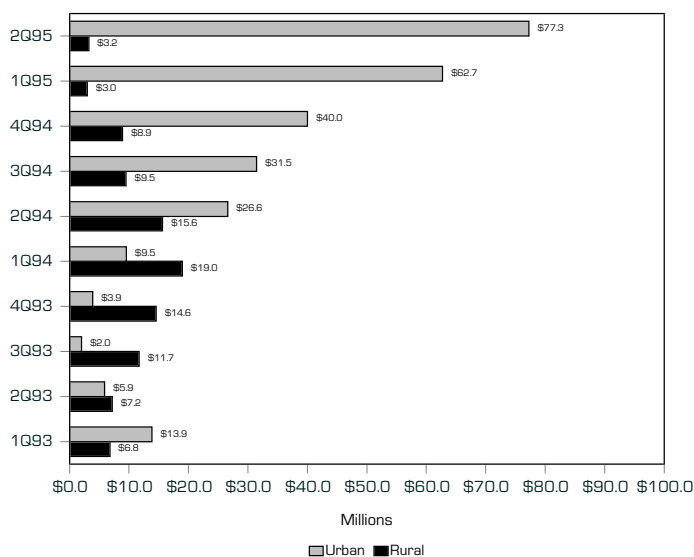
Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

# AHFC Dollar Volume of Urban and Rural Loans

## Statewide

1st Qtr 1992 through 2nd Qtr 1995

Figure 2-4



Source: Alaska Housing Finance Corp.; Alaska Department of Labor, Research and Analysis Section.

# AHFC Loans Purchased

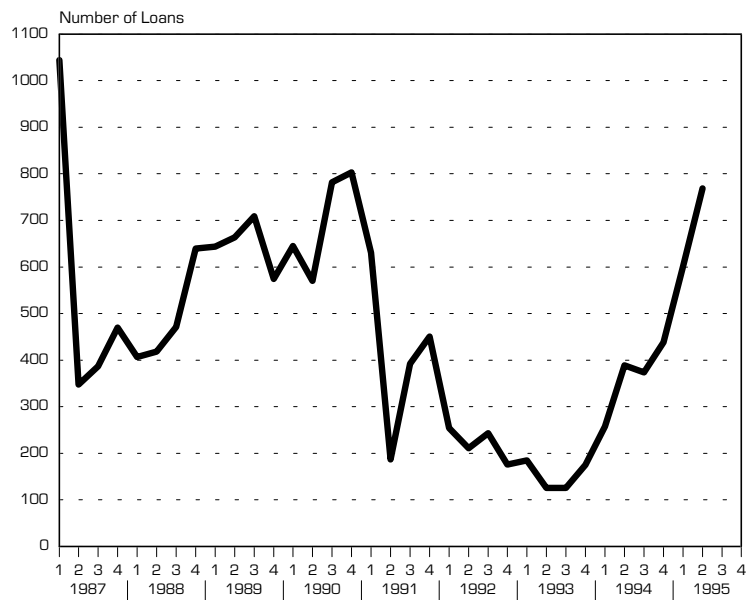
## Single-Family and Condominiums, Statewide

1st Qtr 1987 - 2nd Qtr 1995

Figure 2-5

Note: SFR=Single-family residence.

Source: Alaska Housing Finance Corp.;  
Alaska Department of Labor, Research  
and Analysis Section.



Influenced by the lower sales prices of homes financed under the 5% Program, the overall average sales price of AHFC-financed single-family homes fell 5.5% from the fourth quarter of 1994 to the first quarter of 1995, and continued to decline an additional 8.3% from the first to the second quarter. Without the program, sales prices would have risen by 3.9% for the first quarter, and by 1.5% for the second quarter. The following table summarizes the impact of the program on sales prices for the first half of the year.

### Sales Price Affected by AHFC 5% Program

Source: Alaska Housing Finance  
Corporation, Planning and Program  
Development Department.

Quarter	With AHFC 5% Program			Without AHFC 5% Program		
	Increase/ Decrease	Percent Increase/ Decrease	Average	Increase/ Decrease	Percent Increase/ Decrease	Average
4th 1994						\$132,882
1st 1995	(\$7,342)	-5.5%	\$125,540	\$5,132	3.9%	\$138,014
2nd 1995	(\$10,419)	-8.3%	\$115,120	\$8,497	1.5%	\$146,511

Since its inception, *Indicators* has tracked sales prices of single-family homes with and without garages. This distinction provides a method to differentiate homes that generally offer entry-level homeownership opportunities from those that offer a greater range of amenities as may be customary in higher-end homes. This information is uniformly available for homes financed through AHFC. On the average, homes with garages tend to be larger than homes without garages, with 1,556 square feet compared to 1,105 square feet for homes financed during the survey period. Since homes with garages that qualified for financing under the 5% Program were smaller in size than non-program homes (1,400 sq. ft. vs. 1,556 sq. ft.), overall prices for homes with garages fell compared to previous quarters. The opposite occurred for homes without garages. 5% Program homes without garages were slightly *larger* than non-program homes (1,156 sq. ft. vs. 1,105 sq. ft.) Prices for homes without garages were up slightly from the first to second quarter, but still below the average of \$103,800 posted for the fourth quarter of 1994.

Interestingly enough, homes with garages posted the largest increases in number of loans, rising 48% from the fourth to first quarter, and 21.12% from the first to second quarter. These trends, taken together indicate that the 5% Program may have put higher quality homes within reach of entry-level home buyers, and that buyers tended to place a higher value on presence of an enclosed garage as opposed to choosing larger indoor living space.

Condominiums make up a relatively small portion of the market, but are an interesting indicator of market movement and a harbinger of future demand. Historically, condominiums have offered a low-cost alternative to single-family homeownership, particularly attractive to single- or limited-income households and small families. Condominium sales prices have gradually trended upward over the past five years, as a tightening rental market has led to lower vacancy rates and higher rents, making condominiums an attractive alternative for renters. Not surprisingly, over two-thirds of AHFC's condominium loans during the second quarter were made under the 5% Program, up from just over one-half in the first quarter.

This is not unexpected, as the flow of 5% Program loan closings increased in the second quarter. What is of interest is that during the second quarter, the average price of condominiums financed through the 5% Program was over 17% higher than non-program condo units. This may be an indication that buyers were able to qualify for more expensive and larger units with greater amenities under the 5% Program, or reflect the response of shrewd sellers increasing prices in response to the stimulus of low-cost financing. It may also indicate that some of the non-program units are being purchased for purposes other than use as principal residences. Some these uses might include rental property, corporate housing, or tourist lodgings.

# Median Purchase Price of Home, Structure and Land

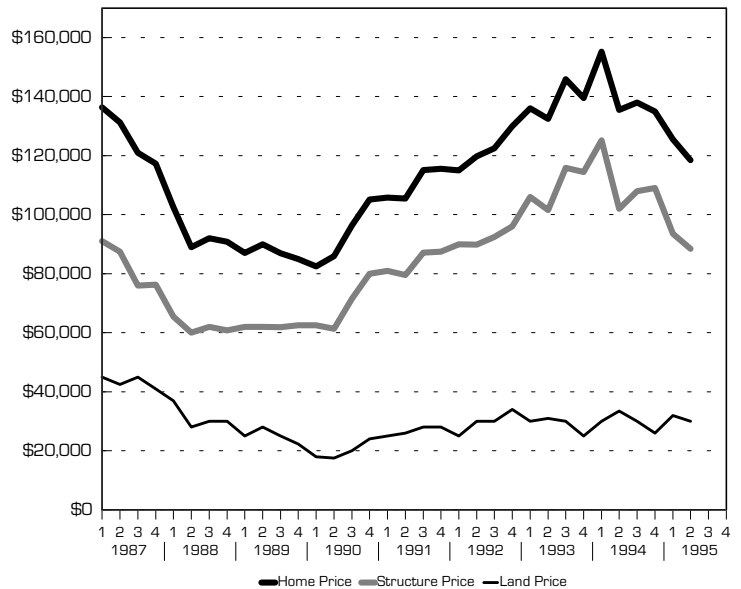
AHFC Single-Family Residences with Garage, Statewide

Figure 2-7

1st Qtr 1987 - 2nd Qtr 1995

Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.  
SFR=Single-family residence

Source: Alaska Housing Finance Corp.,  
Alaska Department of Labor, Research  
and Analysis Section.



# Median Purchase Price of Home, Structure and Land

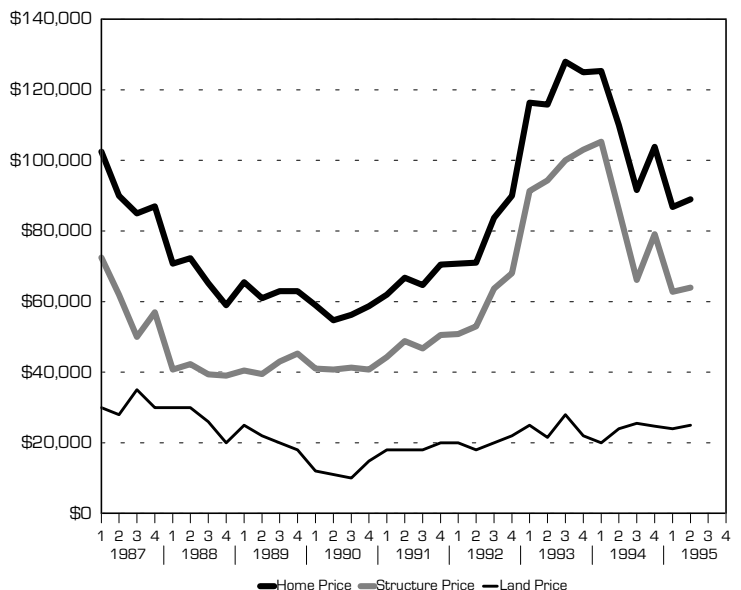
AHFC Single-Family Residences without Garage, Statewide

Figure 2-8

1st Qtr 1987 - 2nd Qtr 1995

Note: Reflects total AHFC urban and rural loans beginning 3rd Qtr 1992. Prior to 3rd Qtr 1992 only urban loans shown.  
SFR=Single-family residence

Source: Alaska Housing Finance Corp.,  
Alaska Department of Labor, Research  
and Analysis Section.



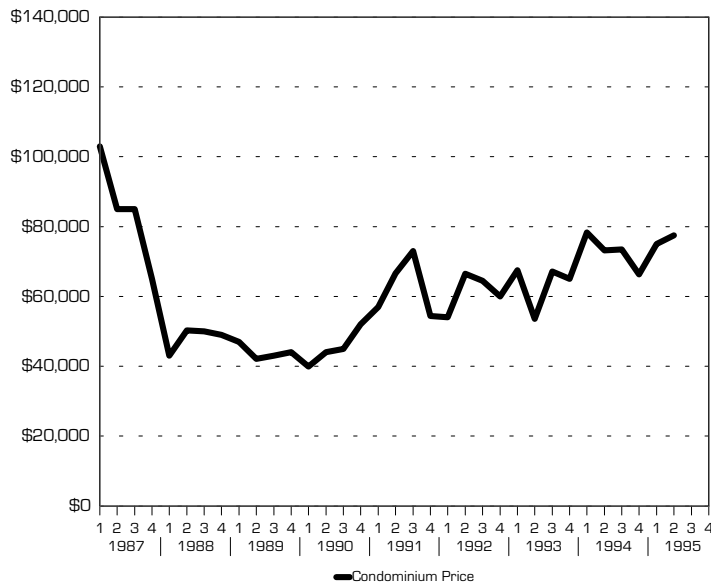


# Median Purchase Price of Condominiums

AHFC Condominiums, Statewide

1st Qtr 1987 - 2nd Qtr 1995

Figure 2-9



Source: Alaska Housing Finance Corp., Alaska Department of Labor, Research and Analysis Section.

Foreclosures, disposals and the AHFC REO (real estate owned) inventory continued to decline. From a high of over 4,500 units in the summer of 1989, AHFC's inventory of REO properties dwindled to 59 in June of 1995; disposals are also down dramatically. Foreclosures are also down from the prior year, having fallen from 62 in the first half of 1994 to 52 in the first six months of 1995. AHFC's delinquency rate for all loans less mobile homes has held steady in the 4% range for some time, with a rate of 4.16% for June 1995, a vast improvement over the 10.54% delinquency rate posted in June 1989. By comparison, the national mortgage delinquency rate for June 1995, as reported by the Mortgage Bankers Association, was 4.15%.

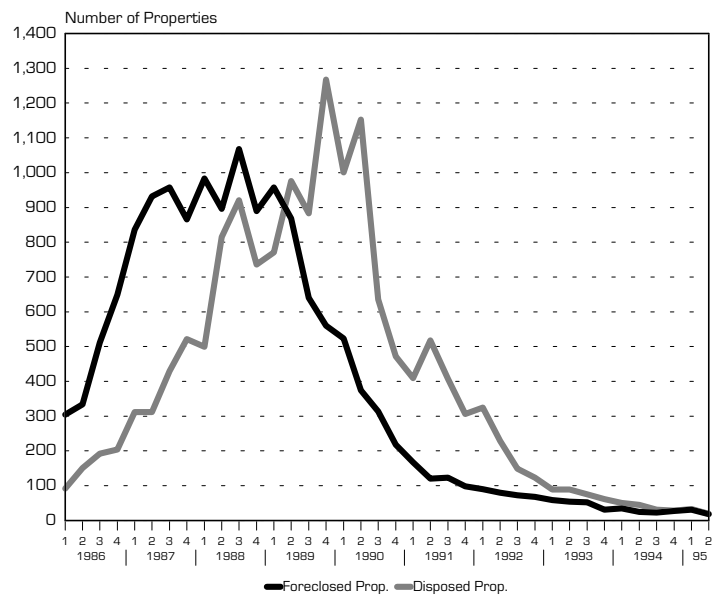
# AHFC Foreclosures and Disposals

Statewide

Figure 2-10

1st Qtr 1986 through 2nd Qtr 1995

Source: Alaska Housing Finance Corporation.



# AHFC REO Inventory

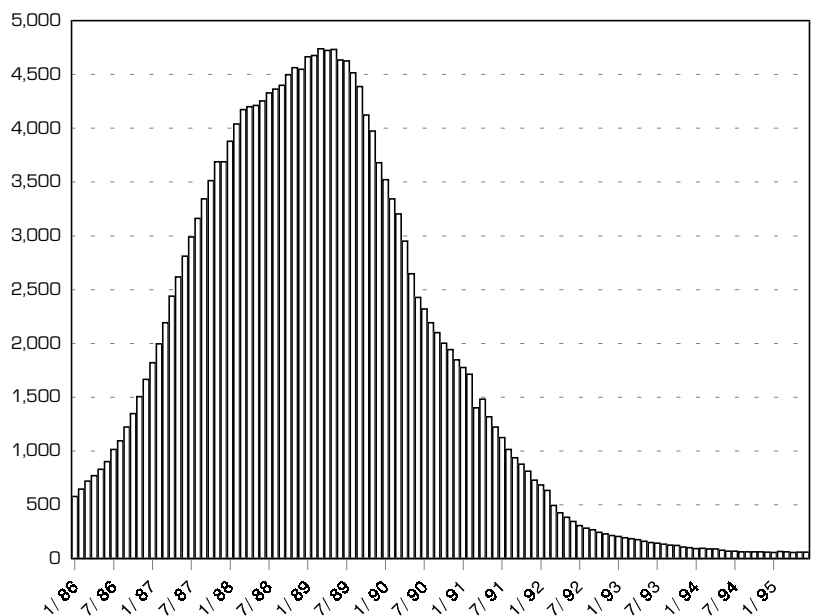
All Property Types

1986 through 1995

Figure 2-11

Note: Inventory as of month end.

Source: Alaska Housing Finance Corporation.





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## Section 3

# Alaska Multiple Listing Service Information

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**W**hile the lender survey provides basic information on sales prices of homes financed with mortgage loans, it does not contain other information important to understanding the functioning of the housing market. Multiple Listing Service (MLS) statistics present additional information for selected housing markets in the state, indicating how well homes are selling, volume of listings and closed sales, in addition to reporting home prices. MLS data includes not only homes that are financed through lenders, which show up in the lender survey results, but also owner-financed sales and cash sales. Private or owner sales, which are not consummated through the services of an MLS-member real estate broker, however, are not reported in the MLS statistics.

Seasonal patterns were evident in the MLS data for the first half of 1995, but overall the survey showed a slight improvement over the same period in 1994. Listings were strong, and sellers should be encouraged by continuing reduction in the time it takes to sell a home once it is listed for sale. With results closely mirroring last year's performance, the housing market reflects a healthy confidence.

Movement was somewhat different for condominiums when compared to single-family homes. Overall performance for the first half of the year was virtually unchanged from the prior year for single-family homes, but stronger for condominiums. Total sales for single-family homes were little changed, up less than 1%. Listings were up only 1.5%, while days on the market increased by 9%. Condominium sales, however, were much stronger during the first half, with sales up 12.2% over the prior year, and listings increasing by 22.8%. The strength during the period was primarily due to activity in Anchorage, which tends to capture 90% of the statewide condominium market. In Anchorage, for only the second time in eight years, the second quarter's condominium sales results were lower than the first quarter. One explanation is that buyers responding to the limited-time 5% Program were aggressively snapping up the bargains to be had in Anchorage condos early on, in anticipation of shrinking supply of quality units.

Condominiums in the Fairbanks market showed comparative weakness, with sales falling 15.6%. However, sales volume and prices were up, with the average sales price jumping to 22.9%. This is likely reflective of the small number of units in the Fairbanks condominium market; the characteristics of the mix of units sold in any given time period tends to skew the statistics significantly.

Regionally, single family-homes were strongest in Anchorage during the first half of 1995, with sales rising 7%, followed by a 2.6% increase in Fairbanks. Kenai reported the weakest sales, with a decline of 27.7% and the Matanuska-Susitna area reporting a drop of 10.7% when compared with the prior year. In Kenai, average days on market increased by 28% over the year to 182; in Anchorage's more heated market, days on market for single-family homes in June was only 71 days. Typically, 90 days is considered excellent turn-around for a single-family home.

Anchorage home sellers also enjoyed another benefit of a healthy market, a second-quarter sales/list price ratio of 100.6%, indicative of some degree of competition among buyers for a limited supply of desirable units. Again, the 5% Program may have added some impetus to buyers to lock in a sale before the program was set to expire, resulting in offers exceeding list prices.

# Municipality of Anchorage

## Single-Family Residential Listings and Sales

1st Qtr 1990 through 2nd Qtr 1995

Table 3-1

Note: Sale/list price data for the 4th quarter of 1990 do not include information for October 1990.

Source: Anchorage Multiple Listing Service.

Qtr/ Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)
2Q1995	1,069	71	663	\$102,995,479	\$155,348	100.60
1Q1995	858	83	674	91,268,540	135,413	98.34
4Q1994	1,130	128	712	102,721,276	144,271	98.32
3Q1994	1,417	99	753	118,103,522	156,844	102.06
2Q1994	1,154	66	648	109,685,511	169,268	111.31
1Q1994	820	93	601	86,154,566	143,352	98.61
4Q1993	900	91	794	113,498,110	142,945	98.90
3Q1993	1,238	82	894	128,679,270	143,937	98.28
2Q1993	1,347	80	699	96,245,978	137,691	97.77
1Q1993	1,167	121	496	67,176,864	135,437	98.00
4Q1992	1,447	118	683	91,180,682	133,500	98.20
3Q1992	1,882	99	649	88,386,414	136,189	97.64
2Q1992	1,590	102	650	86,490,801	133,063	98.63
1Q1992	1,200	119	444	60,127,233	135,422	97.98
4Q1991	1,444	113	651	84,275,779	129,456	98.39
3Q1991	1,681	94	664	86,153,629	129,749	98.18
2Q1991	1,353	91	661	79,224,449	119,855	98.62
1Q1991	892	131	421	53,586,862	127,285	98.34
4Q1990	1,016	126	648	95,135,173	146,814	104.18
3Q1990	1,244	115	688	80,341,032	116,775	98.24
2Q1990	1,150	150	608	66,982,623	110,169	97.21
1Q1990	1,069	181	570	56,543,107	99,198	96.04

# Municipality of Anchorage

## Condominium Listings and Sales

1st Qtr 1990 through 2nd Qtr 1995

Table 3-2

Source: Anchorage Multiple Listing Service.

Qtr/ Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)
2Q1995	366	144	144	\$11,053,698	\$76,762	97.62
1Q1995	341	147	151	13,135,459	86,990	98.39
4Q1994	399	126	173	13,156,701	76,050	98.44
3Q1994	388	91	133	9,772,033	73,474	98.54
2Q1994	343	112	141	11,532,233	81,789	97.30
1Q1994	243	136	114	9,061,221	79,484	97.95
4Q1993	236	132	174	13,991,850	80,413	96.73
3Q1993	350	133	169	12,909,546	76,388	97.81
2Q1993	381	120	163	11,627,154	71,332	96.90
1Q1993	363	141	76	5,148,310	67,741	96.78
4Q1992	359	151	111	9,219,052	83,055	101.72
3Q1992	458	127	111	8,151,100	73,433	96.54
2Q1992	479	111	137	11,275,610	82,304	96.82
1Q1992	321	128	81	4,899,443	60,487	96.63
4Q1991	321	117	151	9,755,924	64,609	97.25
3Q1991	328	103	134	8,159,796	60,894	97.14
2Q1991	277	116	160	10,706,226	66,914	95.52
1Q1991	176	152	128	6,785,219	53,010	99.72
4Q1990	207	175	223	12,992,230	58,261	100.43
3Q1990	250	217	291	13,471,129	46,293	101.21
2Q1990	361	296	417	15,038,842	36,064	96.57
1Q1990	595	430	427	15,146,702	35,472	94.46

# Kenai Peninsula Borough

## Single-Family Residential Listings and Sales

1st Qtr 1990 through 2nd Qtr 1995

Table 3-3

Qtr/ Yr	Active Listings		Sales Closed			
	Number	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)	Avg. Days on Market
2Q1995	276	89	\$9,022,900	\$101,381	97.29	182
1Q1995	236	47	4,777,700	101,653	95.29	198
4Q1994	255	78	6,999,688	89,740	96.08	173
3Q1994	313	98	9,570,665	97,660	96.48	144
2Q1994	305	97	9,487,241	97,807	97.10	142
1Q1994	233	91	8,398,078	92,287	96.25	177
4Q1993	230	94	8,303,894	88,339	96.77	178
3Q1993	320	121	12,141,290	100,341	97.93	153
2Q1993	317	100	8,647,725	86,477	88.40	153
1Q1993	269	77	6,460,025	83,896	96.41	179
4Q1992	240	58	4,900,345	84,489	96.95	161
3Q1992	341	93	7,754,755	83,384	96.66	134
2Q1992	324	57	4,263,800	74,804	95.15	131
1Q1992	223	54	4,271,420	79,100	95.52	161
4Q1991	236	81	6,817,227	84,163	96.97	153
3Q1991	289	98	7,989,346	81,524	97.13	128
2Q1991	252	87	6,769,896	77,815	93.66	137
1Q1991	229	53	4,279,228	80,740	100.09	148
4Q1990	215	94	7,791,134	82,884	95.80	155
3Q1990	275	109	7,906,550	72,537	95.80	146
2Q1990	265	78	5,515,450	70,711	95.49	138
1Q1990	216	64	4,123,151	64,424	94.91	185

Note: Average days on market are for sales closed and not for listings.

Source: Kenai Peninsula Board of Realtors.

# Matanuska-Susitna Borough

## Single-Family Residential Listing and Sales

1st Qtr 1990 through 2nd Qtr 1995

Table 3-4

Qtr/ Yr	Active Listings		Sales Closed			
	Number	Avg. Days on Market	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)
2Q1995	481	111	119	\$11,407,645	\$95,863	97.66
1Q1995	397	114	114	11,145,209	97,765	97.08
4Q1994	363	117	148	14,082,250	95,150	97.20
3Q1994	497	98	170	16,492,382	97,014	96.71
2Q1994	486	90	151	15,465,607	102,421	96.63
1Q1994	293	119	110	10,310,145	93,729	97.38
4Q1993	271	131	156	14,155,575	90,741	95.89
3Q1993	400	125	181	16,753,698	92,562	97.18
2Q1993	477	117	150	12,972,683	86,485	96.92
1Q1993	415	127	84	7,141,869	85,022	95.99
4Q1992	408	133	128	11,078,468	86,551	96.51
3Q1992	573	126	90	7,343,620	81,596	97.45
2Q1992	619	111	104	8,055,392	77,456	97.12
1Q1992	460	132	87	6,670,318	76,670	96.20
4Q1991	425	134	114	8,344,855	73,200	97.80
3Q1991	565	110	144	10,204,110	70,862	97.25
2Q1991	533	113	172	11,604,714	67,469	98.51
1Q1991	413	149	95	6,226,972	65,547	97.69
4Q1990	333	184	148	10,794,104	72,933	109.55
3Q1990	429	161	185	11,741,817	63,469	97.70
2Q1990	478	210	189	10,319,055	54,598	97.83
1Q1990	440	281	191	10,057,007	52,654	97.29

Note: Matanuska-Susitna includes condominiums in quarterly residential sales data. These sales account for a very small proportion of overall activity. In 1988, there were 8 condominium sales; in 1989, there were 10; in 1990, there were 14; and in 1991, there was 1 condominium sale. Such small number do not have significant impact on dollar volume and average prices in this table.

Source: Valley Board of Realtors Multiple Listing Service.

# Fairbanks North Star Borough

## Single-Family Residential Listings and Sales

Table 3-5

1st Qtr 1990 through 2nd Qtr 1995

*Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listing. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.*

*Source: Greater Fairbanks Board of Realtors Multiple Listing Service.*

Qtr/ Yr	Active Listings		Sales Closed				Avg. Days on Market
	Number	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)		
2Q1995	208	175	\$19,147,942	\$107,572	95.51		63
1Q1995	143	138	15,263,504	110,605	97.29		85
4Q1994	318	186	18,285,120	98,307	95.56		79
3Q1994	275	221	22,694,773	102,691	96.66		61
2Q1994	222	166	17,589,109	105,958	98.12		61
1Q1994	101	139	14,087,103	101,346	97.95		84
4Q1993	160	231	24,708,625	106,963	97.21		72
3Q1993	234	233	24,169,070	103,729	97.80		67
2Q1993	247	149	14,424,312	96,807	97.73		99
1Q1993	175	92	8,617,602	93,669	96.14		128
4Q1992	208	241	22,701,437	94,196	97.56		85
3Q1992	298	247	23,010,541	93,160	97.69		96
2Q1992	255	168	12,972,210	77,215	97.20		132
1Q1992	182	160	11,730,685	73,316	97.12		135
4Q1991	293	185	14,701,722	79,469	97.66		95
3Q1991	382	218	18,032,493	82,718	95.28		70
2Q1991	319	201	15,994,526	79,575	97.04		82
1Q1991	197	132	11,105,524	84,133	97.13		90
4Q1990	N/A	151	12,326,389	81,632	95.00		81
3Q1990	N/A	166	13,704,641	82,558	96.00		86
2Q1990	N/A	149	11,120,632	74,635	96.00		98
1Q1990	N/A	134	9,976,022	74,448	92.00		117

# Fairbanks North Star Borough

## Condominiums and Townhouse Listings and Sales

Table 3-6

1st Qtr 1990 through 2nd Qtr 1995

*Note: Data are for the 90 days ending on a reporting date close to the end of the quarter. In contrast to other tables of MLS data, the tables for Fairbanks show the number of days on the market for closed sales rather than listing. Sales and Listing activity reported in previous issues may be revised to include data received after the previous issue publication.*

*Source: Greater Fairbanks Board of Realtors Multiple Listing Service.*

Qtr/ Yr	Active Listings		Sales Closed				Avg. Days on Market
	Number	Number	Volume (\$)	Avg. Price (\$)	Sale/ List Price (%)		
2Q1995	22	18	\$1,217,700	\$67,650	96.41		63
1Q1995	20	9	683,250	75,916	95.86		84
4Q1994	22	11	742,700	67,518	99.45		45
3Q1994	16	15	1,034,500	68,966	96.72		61
2Q1994	16	16	959,000	59,937	98.08		91
1Q1994	8	16	909,900	56,868	97.30		68
4Q1993	12	13	713,000	54,846	96.19		118
3Q1993	19	13	998,350	76,796	97.48		68
2Q1993	21	13	837,490	64,422	97.27		113
1Q1993	11	7	407,500	58,214	97.48		69
4Q1992	13	17	1,104,875	64,992	91.96		78
3Q1992	18	22	1,138,250	51,738	96.81		155
2Q1992	20	12	520,400	43,366	94.61		179
1Q1992	16	18	978,900	54,383	133.16		183
4Q1991	23	11	604,756	54,978	97.50		107
3Q1991	27	19	1,042,000	54,842	97.65		51
2Q1991	22	10	578,100	57,810	97.48		103
1Q1991	9	14	754,000	53,857	97.54		137
4Q1990	N/A	12	632,750	52,729	100.00		166
3Q1990	N/A	16	621,900	38,869	98.00		150
2Q1990	N/A	30	1,171,856	39,062	97.00		117
1Q1990	N/A	20	786,277	39,314	98.00		110





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## Section 4

# New Alaska Housing Units

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**B**uilding permit activity across the state continued to keep pace with the prior year, falling off by only 3.2% from the first half of 1994, to a total of 1,152 units. Typical seasonal patterns were evident in quarter-by-quarter comparisons, with permitting posting a quarterly increase for the first time in a year. During the quarter, May was a particularly strong month, with volumes almost one-third higher than last year.

Comparisons for the first six months of 1995 and the prior year indicated that total permit growth was strongest in Sitka (260%), Haines (200%), Mat-Su (100%), Ketchikan (54.5%), and Kenai (52%). Permitting declined by two-thirds for Prince of Wales/Outer Ketchikan, Valdez/Cordova and Bethel during the same period. These observations, however, should be tempered by the realization that the relatively small number of permits issued in smaller communities tends to magnify the impact of any increase or reduction in activity.

# New Housing Units by Type of Structure

For Places Reporting Data, Comparison with 1994 Permit Data

2nd Qtr 1995 vs 2nd Qtr 1994 and Year-to-Date

Table 4-1

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94
<b>Aleutians East Borough</b>																
Aktutan	0	0	7	0	0	0	7	0	0	0	0	0	0	0	0	0
Cold Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
King Cove	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sand Point	0	10	0	10	0	10	0	10	0	0	0	0	0	0	0	0
<b>Aleutians West Census Area</b>																
Atka	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. George	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Paul	0	8	0	8	0	0	0	0	0	8	0	8	0	0	0	0
Unalaska	3	5	3	6	3	3	3	4	0	2	0	2	0	0	0	0
<b>Anchorage, Municipality of Anchorage</b>	305	286	487	495	253	258	423	446	20	8	24	8	32	20	40	41
<b>Bethel Census Area</b>																
Akiachak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aniak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bethel	18	8	28	74	16	5	21	68	2	3	7	6	0	0	0	0
Chuathbaluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Eek	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodnews Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiwethluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lower Kalskag	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Napaskiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nunapitchuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Platinum	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Quinhagak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Bristol Bay Borough</b>																
Bristol Bay	0	3	3	3	0	3	1	3	0	0	2	0	0	0	0	0
<b>Dillingham Census Area</b>																
Clark's Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dillingham	4	0	4	0	4	0	4	0	0	0	0	0	0	0	0	0
Bkwok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manokotak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Togiak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Fairbanks North Star Borough</b>																
North Pole	2	7	2	7	2	5	2	5	0	0	0	0	0	2	0	2
Balance of Borough	116	104	124	135	74	42	80	50	42	62	44	85	0	0	0	0
<b>Haines Borough</b>																
Balance of Borough	12	2	12	2	12	2	12	2	0	0	0	0	0	0	0	0
Haines City	3	2	3	3	3	2	3	3	0	0	0	0	0	0	0	0
<b>Juneau Borough</b>																
Juneau	94	47	120	119	72	37	86	42	10	6	19	73	12	4	15	4
<b>Kenai Peninsula Borough</b>																
Homer	11	9	16	9	11	9	16	9	0	0	0	0	0	0	0	0
Kenai	25	19	26	23	21	17	22	21	4	2	4	2	0	0	0	0
Seward	1	2	1	2	1	2	1	2	0	0	0	0	0	0	0	0
Seldovia	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	0
Soldotna	23	14	33	15	21	14	31	15	2	0	2	0	0	0	0	0
<b>Ketchikan Gateway Borough</b>																
Ketchikan City	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance of Borough	39	14	51	19	33	12	43	15	6	2	8	4	0	0	0	0
<b>Kodiak Island Borough</b>																
Akhiok	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kodiak City	5	18	8	20	3	14	6	16	2	4	2	4	0	0	0	0
Old Harbor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Lions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Lake &amp; Peninsula Borough</b>																
Newhalen	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nondalton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Port Heiden	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Matanuska-Susitna Borough</b>																
Balance of Borough	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Palmer	8	17	9	18	8	17	9	18	0	0	0	0	0	0	0	0
Wasilla	35	4	35	4	35	4	35	4	0	0	0	0	0	0	0	0
<b>Nome Census Area</b>																
Diomedes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nome	6	1	8	1	4	1	6	1	2	0	2	0	0	0	0	0
Savoonga	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shaktotlik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shismaref	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unalakleet	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Note: N/A=Data not available. Matanuska-Susitna reported 443 housing units authorized during 1994, 221 housing units authorized during 1993, 254 housing units authorized in 1992, and 176 housing units authorized in 1991. Since Matanuska-Susitna only reported data annually, quarterly tabulation of the permit data is not provided.

Source: Alaska Department of Labor, Research and Analysis Building Permit Survey; Fairbanks Community Research Center; Municipality of Anchorage.

# New Housing Units by Type of Structure- *cont.*

For Places Reporting Data, Comparison with 1994 Permit Data  
2nd Qtr 1995 vs 2nd Qtr 1994 and Year-to-Date

Table 4-1 cont.

Place	Total New Units				Single Family				Multi-Family				Mobile Home			
	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94	2Qtr 95	2Qtr 94	YTD 95	YTD 94
<b>North Slope Borough</b>																
Atkasuk	0	0	0	5	0	0	0	5	0	0	0	0	0	0	0	0
Barrow	24	22	52	50	22	20	49	48	2	2	3	2	0	0	0	0
Kaktovik	0	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0
Nuiqsut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Point Hope	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wainwright	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Northwest Arctic Borough</b>																
Ambler	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Buckland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kivalina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kobuk	0	0	0	2	0	0	0	0	0	0	0	2	0	0	0	0
Kotzebue	2	0	2	0	2	0	2	0	0	0	0	0	0	0	0	0
Noorvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Selawik	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Shungnak	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Prince of Wales-Outer Ketchikan</b>																
Craig	6	26	10	27	0	11	0	12	0	10	4	10	6	5	6	5
Hydaburg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kasaan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Klawock	4	1	4	10	4	0	4	2	0	0	0	6	0	1	0	2
Thorne Bay	0	2	0	4	0	2	0	2	0	0	0	2	0	0	0	0
<b>Sitka Borough</b>																
City & Borough of Sitka	19	6	36	10	14	6	27	10	5	0	9	0	0	0	0	0
<b>Skagway-Yakutat-Angoon Census Area</b>																
Angoon	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0
Hoonah	8	0	8	0	5	0	5	0	0	0	0	0	3	0	3	0
Pelican	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skagway	2	7	5	7	2	1	3	1	0	4	2	4	0	2	0	2
Yakutat	3	3	3	3	3	3	3	3	0	0	0	0	0	0	0	0
<b>Southeast Fairbanks C.A.</b>																
Cordova	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
Valdez	8	36	11	37	8	11	9	11	0	0	0	0	0	25	2	26
Whittier	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Wade Hampton Census Area</b>																
Alakanuk	0	2	21	2	0	2	21	2	0	0	0	0	0	0	0	0
Emmonak	0	25	0	25	0	25	0	25	0	0	0	0	0	0	0	0
Hooper Bay	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Kotlik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pilot Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Russian Mission	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sheldon Point	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St. Mary's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Wrangell-Petersburg Census Area</b>																
Ikke	2	2	2	2	0	1	0	1	0	0	0	0	2	1	2	1
Kupreanof	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Petersburg	5	3	10	7	4	3	9	7	0	0	0	0	1	0	1	0
Port Alexander	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wrangell	6	0	6	1	6	0	6	1	0	0	0	0	0	0	0	0
<b>Yukon-Koyukuk Census Area</b>																
Allakaket	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anderson	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anvik	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bettles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fort Yukon	0	4	0	4	0	4	0	4	0	0	0	0	0	0	0	0
Galena	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hughes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Huslia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Koyukuk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
McGrath	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nenana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nikolai	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nulato	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ruby	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shageluk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tanana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Reported</b>	801	725	1,152	1,176	648	552	951	875	97	113	132	218	56	60	69	83

Although total permits issued may not exceed last year's level, the current pace of permit issuance has been much stronger than originally anticipated. Strength in single-family home construction in 1995 has tended to offset declines in development of multi-family units, which contributed heavily to 1994's activity.

In Anchorage, however, multi-family permitting increased sharply, up three times over the previous year's levels. Despite this growing multi-family activity, single-family issuances continued to dominate the market, comprising 86.6% of the total permits issued by the Municipality. Anchorage captured 42.3% of the state's total permitting activity over the first half of 1995, up slightly from a 1994 share of 41.6%.

Major projects at the Fort Knox gold mine and at Eielson Air Force Base may be credited with driving demand for residential building permits in Fairbanks, with single family permits nearly doubling compared to the first six months of 1994. Multi-family activity in the northern city declined, reflecting the unusual surge in multi-family permitting in 1994, precipitated by projects of non-profit and public housing agencies, which are now under construction or at occupancy.

Southeast Alaska showed some regional strength, with Juneau doubling its first half of 1994 permitting activity in the single-family column. With the defeat of last fall's capitol move ballot initiative, Juneau experienced a good residential construction season, which appears to be helping to alleviate its historically short supply of housing. Juneau's rental vacancy rate eased slightly from last year's .8% vacancy rate to 1.4%, which may be due to increased multi-family construction during the past two years. All areas in Southeast Alaska reported permits, with the exception of Prince of Wales/Outer Ketchikan.

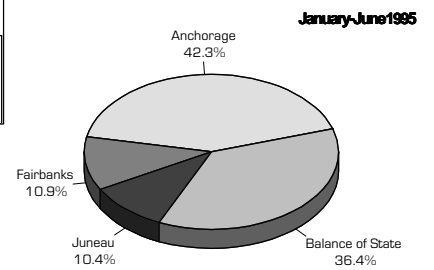
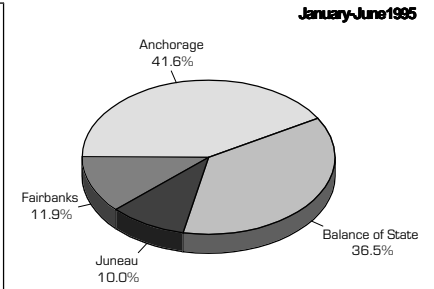
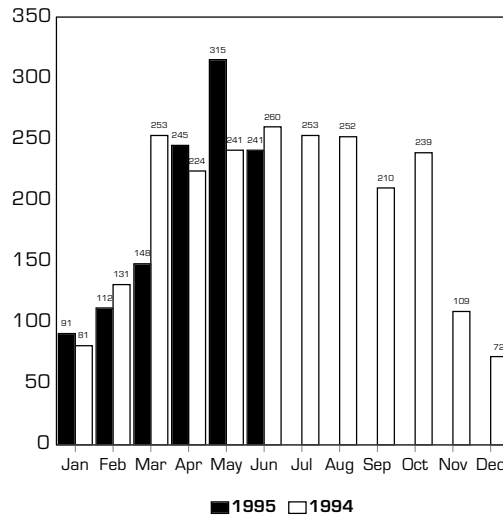
# New Housing Units by Location

Alaska

Figure 4-1

January-June 1994 and January-June 1995

Note: Includes mobile homes.  
Source: Alaska Department of Labor,  
Research and Analysis Section.



# Permits for New Housing Units

Alaska

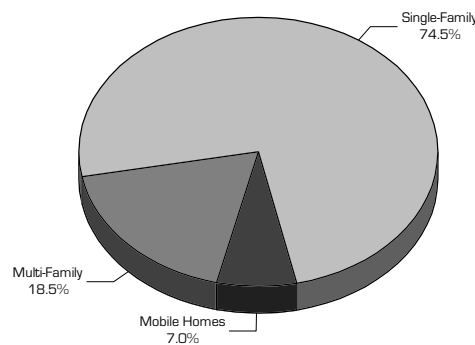
Figure 4-2

January-June 1994 and January-June 1995

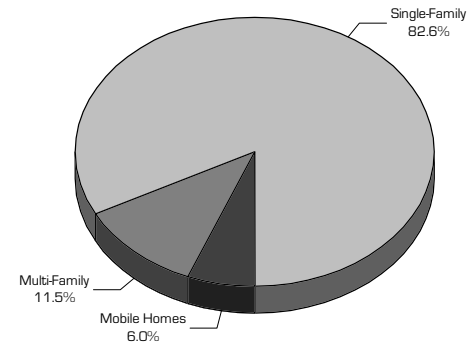
Note: Includes some units in areas  
which do not require permits.

Source: Alaska Department of Labor,  
Research and Analysis Section.

January-June 1994



January-June 1995

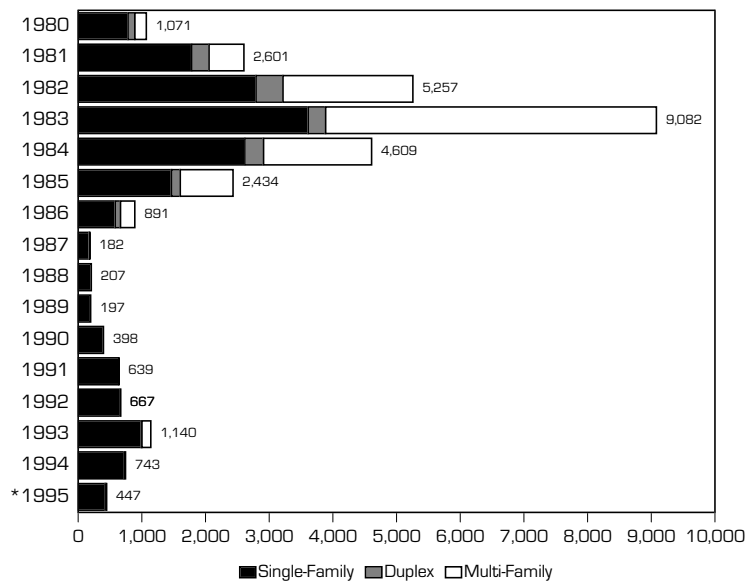


# New Housing Units Authorized

## Anchorage

January 1980 to June 1995

Figure 4-3



Note: Excludes mobile homes

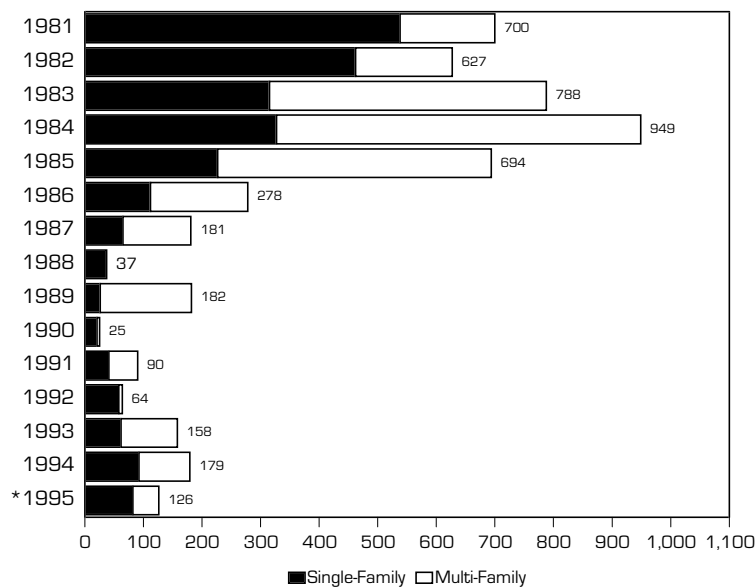
Source: Alaska Department of Labor, Research and Analysis Section, Municipality of Anchorage Public Works.

# New Housing Units Authorized

## Fairbanks North Star Borough

January 1981 to June 1995

Figure 4-4



Note: Excludes mobile homes

Source: Alaska Department of Labor, Research and Analysis Section; Fairbanks Community Research Center.

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## Section 5

# Results of the 1995 Alaska Rental Survey

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**E**ach year during the second quarter, the Alaska Housing Finance Corporation, in partnership with the Alaska Department Labor, conducts a rental market survey. Landlords in ten areas of the state were surveyed by mail and asked to provide information on rental costs, utilities, and vacancy status of their rental properties. This year's sample size was increased by approximately 25%, including over 16,400 rental units statewide, categorized as either "apartment" (including condominium rentals), or "single-family residences".

The AHFC survey differs from the Anchorage apartment survey conducted by Kincaid & Reilly. While the Kincaid & Reilly survey evaluates rents and vacancies in complexes with 20 or more units, the AHFC survey includes small rental properties as well as large complexes. In addition, the AHFC survey incorporates single-family rentals into its sample. Differences in the type of properties included in each of the two surveys may result in disparate findings.



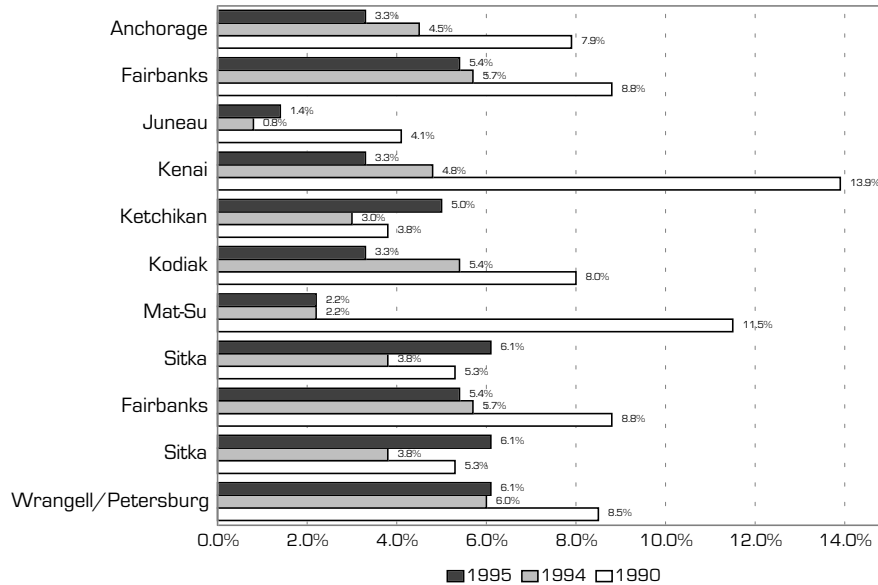
# Vacancy Rates

## All Units, Selected Boroughs and Census Areas

1990, 1994, & 1995

Figure 5-1

Source: Alaska Department of Labor, Research and Analysis Section, 1995 Alaska Rental Survey.



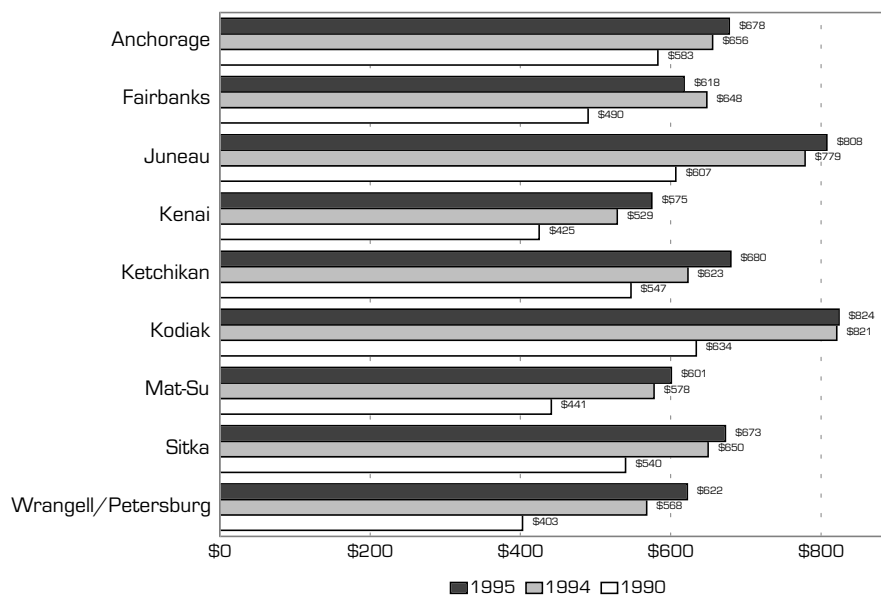
# Average Contract Rents

## All Units, Selected Boroughs and Census Areas

1990, 1994, & 1995

Figure 5-2

Source: Alaska Department of Labor, Research and Analysis Section, 1995 Alaska Rental Survey.



Survey results indicate continuing of the three-year trend showing tightening of the rental market, particularly in Anchorage and Fairbanks, which have posted vacancy rate declines each year. With the recent retail expansion boom and strong service sector employment growth, there has been increased demand for additional low-cost housing throughout the state.

Although the large inventories of underutilized housing from prior years has been depleted, high costs of land and construction continue to restrict development of low-cost housing. Despite recent innovations in financing from both AHFC and the federal government, an imbalance persists between supply and demand for affordable rental units. As a result, landlords have been able to increase rents in all areas except one during the past year. Addressing this imbalance will require deeper equity investment, public participation and other incentives and subsidies to bring new housing within reach of households with incomes derived principally from service and retail industry employment.

The overall 1995 rental vacancy rate for all types of units (including single-family residences and apartments) fell from 4.1% to 3.8% over the year. Rates remained the lowest in Juneau at 1.4%, although the rate was up slightly from 1994's 0.8% posting. One-half of the areas surveyed registered higher vacancy rates, while slightly lower rates were reported by the other half, including Anchorage and Fairbanks. Both Wrangell/Petersburg and

## Vacancy Rates and Average Contract Rents

### All Units, Selected Boroughs and Census Areas

Table 5-1

March 1995

								Percent Units with Utilities Included in Contract Rent					
Boroughs	Average Rent		Median Rent		Units Surveyed	Vacant Units	Vacancy Rate	Heat	Light	Hot Water	Water	Sewer	Garbage
	Contract	Adjusted	Contract	Adjusted									
Anchorage Borough	\$678	\$714	\$650	\$675	8,017	268	3.3%	71.3%	29.0%	71.6%	94.4%	95.3%	93.9%
Fairbanks North Star Borough	\$618	\$651	\$625	\$650	2,890	157	5.4%	91.3%	20.0%	83.8%	92.6%	92.3%	86.0%
Juneau Borough	\$808	\$894	\$800	\$855	1,153	16	1.4%	53.0%	16.7%	49.4%	97.9%	94.4%	87.1%
Kenai Peninsula Burough	\$575	\$651	\$550	\$625	1,499	49	3.3%	68.5%	20.5%	65.2%	86.2%	81.9%	77.8%
Ketchikan Gateway Borough	\$680	\$756	\$660	\$761	802	40	5.0%	69.6%	33.5%	59.5%	53.5%	54.9%	49.9%
Kodiak Island Borough	\$824	\$899	\$850	\$881	304	10	3.3%	56.6%	11.5%	75.0%	92.1%	98.7%	98.7%
Matanuska-Susitna Borough	\$601	\$672	\$600	\$645	998	22	2.2%	59.4%	14.9%	56.1%	64.4%	69.8%	66.0%
Sitka Borough	\$673	\$814	\$625	\$771	392	24	6.1%	43.6%	9.4%	36.7%	33.7%	31.4%	29.6%
Valdez-Cordova Census Area	\$914	\$978	\$885	\$989	102	20	19.6%	76.5%	2.0%	76.5%	98.0%	98.0%	98.0%
Wrangell-Petersburg C. A.	\$622	\$710	\$635	\$694	247	15	6.1%	64.0%	27.9%	50.2%	41.3%	36.8%	34.4%
Total	\$666	\$716	\$650	\$676	16,404	621	3.8%	71.5%	24.2%	69.0%	87.5%	87.6%	84.4%

Note: Includes mobile homes.  
Source: Alaska Department of Labor, Research and Analysis Section.  
1995 Alaska Rental Survey

Sitka had comparatively high rates of 6.1%, and may still be experiencing some market uncertainty owing to recent mill closings. Sitka posted the highest annual increase (2.4%) over the year, while Kodiak Island and Kenai had the largest vacancy rate declines. Industry standards for normal market elasticity in rentals is a vacancy rate of between 3% to 5%, which allows for routine unit maintenance and modest amounts of tenant turnover.

In most metropolitan markets in the lower 48 states, low vacancy rates are a major contributing factor to family mobility, often motivating relocation to another community or market area to take advantage of comparative bargains or expanded choice in rental housing opportunities. In Alaska, however, each individual market pretty much stands on its own, with renters a more captive audience. Because of high transportation costs, and the relative isolation of each individual market within the state, renters are not at liberty to relocate to other markets in response to changes in housing availability or price. When such relocation does occur, it is often in response to a change in employment status or a family need, and may often as not result in a move to a market outside the state entirely. This phenomenon may explain, in part, why vacancy rates remain relatively low by industry standards even in communities that are experiencing economic difficulties, such as Sitka and Wrangell. Pent-up demand may also contribute to perennially low vacancy rates in some communities, as households that were once doubled up due to non-availability of housing at any price move out and absorb newly-vacated housing units.

# Single-Family Rental Cost and Vacancy Rates

## Selected Boroughs and Census Areas

Table 5-2

1995

								Percent Units with Utilities Included in Contract Rent						
Bedroom Number	Average Rent		Median Rent		Units Surveyed	Vacant Units	Vacancy Rate	Utilities						
	Contract	Adjusted	Contract	Adjusted				Heat	Light	Hot Water	Water	Sewer	Garbage	
Anchorage Borough														
1	\$482	\$500	\$568	\$588	23	0	0.0%	34.8%	21.7%	30.4%	73.9%	69.6%	56.5%	
2	\$766	\$750	\$757	\$711	131	9	6.9%	10.7%	9.9%	10.7%	72.5%	72.5%	67.9%	
3	\$1,041	\$1,030	\$1,006	\$967	228	19	8.3%	7.0%	3.9%	6.1%	52.6%	54.4%	47.8%	
4	\$1,319	\$1,280	\$1,441	\$1,363	57	3	5.3%	12.3%	7.0%	10.5%	35.1%	35.1%	29.8%	
Fairbanks North Star Borough														
1	\$491	\$475	\$1,441	\$1,363	44	4	9.1%	59.1%	11.4%	52.3%	72.7%	79.5%	77.3%	
2	\$725	\$725	\$829	\$814	57	3	5.3%	42.1%	8.8%	24.6%	50.9%	56.1%	50.9%	
3	\$907	\$900	\$1,030	\$1,008	87	1	1.1%	23.0%	9.2%	19.5%	43.7%	40.2%	47.1%	
4	\$1,052	\$1,050	\$1,252	\$1,270	15	0	0.0%	20.0%	6.7%	20.0%	26.7%	33.3%	53.3%	
Juneau Borough														
1	\$642	\$688	\$734	\$708	12	3	25.0%	50.0%	33.3%	33.3%	83.3%	83.3%	50.0%	
2	\$867	\$850	\$1,007	\$1,001	38	0	0.0%	5.3%	2.6%	2.6%	97.4%	97.4%	10.5%	
3	\$1,271	\$1,300	\$1,187	\$1,107	49	2	4.1%	14.3%	12.2%	12.2%	89.8%	93.9%	24.5%	
Kenai Peninsula Borough														
1	\$453	\$458	\$556	\$560	35	4	11.4%	34.3%	25.7%	31.4%	60.0%	57.1%	34.3%	
2	\$591	\$600	\$748	\$750	67	3	4.5%	17.9%	13.4%	17.9%	35.8%	40.3%	23.9%	
3	\$772	\$800	\$899	\$885	86	6	7.0%	25.6%	19.8%	23.3%	41.9%	43.0%	25.6%	
4	\$862	\$850	\$1,033	\$1,031	16	2	12.5%	12.5%	12.5%	12.5%	37.5%	43.8%	18.8%	
Ketchikan-Gateway Borough														
1	\$516	\$500	\$621	\$600	17	1	5.9%	17.6%	23.5%	23.5%	52.9%	47.1%	23.5%	
2	\$641	\$625	\$764	\$790	21	1	4.8%	4.8%	9.5%	28.6%	33.3%	42.9%	14.3%	
3	\$822	\$900	\$957	\$1,043	18	1	5.6%	33.3%	22.2%	22.2%	50.0%	61.1%	33.3%	
Kodiak Island Borough														
2	\$742	\$738	\$833	\$851	34	2	5.9%	5.9%	2.9%	26.5%	85.3%	100.0%	100.0%	
3	\$845	\$775	\$1,007	\$948	27	0	0.0%	3.7%	0.0%	29.6%	88.9%	96.3%	96.3%	
Matanuska-Susitna Borough														
1	\$459	\$475	\$527	\$528	28	3	10.7%	14.3%	10.7%	10.7%	25.0%	39.3%	10.7%	
2	\$617	\$600	\$705	\$707	82	1	1.2%	11.0%	9.8%	11.0%	32.9%	35.4%	19.5%	
3	\$804	\$825	\$933	\$952	106	3	2.8%	3.8%	2.8%	2.8%	21.7%	29.2%	7.5%	
4	\$958	\$975	\$1,127	\$1,134	22	0	0.0%	9.1%	4.5%	9.1%	31.8%	27.3%	0.0%	
Sitka Borough														
1	\$435	\$450	\$533	\$566	13	1	7.7%	15.4%	15.4%	15.4%	30.8%	30.8%	15.4%	
2	\$765	\$663	\$886	\$792	31	1	3.2%	19.4%	12.9%	12.9%	12.9%	12.9%	12.9%	
3	\$804	\$700	\$967	\$917	33	0	0.0%	3.0%	0.0%	3.0%	3.0%	3.0%	3.0%	
Valdez-Cordova Census Area														
1	\$545	\$550	\$594	\$584	10	0	0.0%	90.0%	0.0%	90.0%	90.0%	90.0%	90.0%	
Wrangell-Petersburg Census Area														
1	\$517	\$500	\$614	\$637	12	1	8.3%	33.3%	25.0%	25.0%	25.0%	25.0%	25.0%	
2	\$645	\$650	\$755	\$746	19	2	10.5%	15.8%	15.8%	15.8%	15.8%	15.8%	15.8%	
3	\$625	\$675	\$794	\$812	14	0	0.0%	7.1%	0.0%	0.0%	0.0%	0.0%	0.0%	

Source: Alaska Department of Labor,  
Research and Analysis Section, 1995  
Alaska Rental Survey.

# Apartment Rental Cost and Vacancy Rates

## Selected Boroughs and Census Areas

1995

Table 5-3

								Percent Units with Utilities Included in Contract Rent					
Bedroom Number	Average Rent		Median Rent		Units Surveyed	Vacant Units	Vacancy Rate	Heat	Light	Hot Water	Water	Sewer	Garbage
	Contract	Adjusted	Contract	Adjusted									
Anchorage Borough													
0	\$458	\$450	\$474	\$475	512	3	0.6%	88.5%	40.2%	83.0%	99.6%	99.6%	99.6%
1	\$563	\$575	\$587	\$595	2,485	83	3.3%	76.6%	41.9%	76.9%	98.2%	99.2%	98.7%
2	\$705	\$695	\$738	\$724	3,454	117	3.4%	76.4%	25.8%	76.3%	97.0%	98.1%	96.8%
3	\$860	\$825	\$911	\$876	1,031	32	3.1%	62.3%	13.6%	66.1%	93.8%	94.4%	91.3%
4	\$1,215	\$1,200	\$1,243	\$1,200	35	2	5.7%	88.6%	45.7%	91.4%	94.3%	97.1%	97.1%
Fairbanks North Star Borough													
0	\$377	\$350	\$384	\$361	262	50	19.1%	98.1%	43.1%	98.1%	99.6%	99.6%	98.9%
1	\$504	\$495	\$527	\$515	789	38	4.8%	92.5%	22.8%	89.7%	92.6%	92.3%	86.8%
2	\$655	\$650	\$681	\$672	1,201	42	3.5%	97.6%	13.2%	89.2%	97.4%	96.9%	89.3%
3	\$781	\$750	\$817	\$777	388	15	3.9%	95.6%	23.2%	78.1%	96.4%	95.6%	85.6%
4	\$1,027	\$1,007	\$1,111	\$1,141	28	2	7.1%	78.6%	25.0%	46.4%	75.0%	75.0%	46.4%
Juneau Borough													
0	\$511	\$450	\$546	\$503	46	2	4.3%	73.9%	17.4%	82.6%	100.0%	100.0%	100.0%
1	\$650	\$675	\$717	\$726	281	3	1.1%	54.8%	24.6%	55.9%	100.0%	96.1%	95.4%
2	\$812	\$825	\$901	\$906	564	5	0.9%	53.7%	12.4%	50.2%	98.8%	93.3%	96.5%
3	\$995	\$950	\$1,098	\$1,104	112	1	0.9%	60.7%	11.6%	41.1%	93.8%	93.8%	77.7%
4	\$2,325	\$2,400	\$2,381	\$2,466	10	0	0.0%	100.0%	0.0%	80.0%	100.0%	100.0%	80.0%
Kenai Peninsula Borough													
0	\$377	\$390	\$425	\$390	37	6	16.2%	67.6%	37.8%	64.9%	100.0%	94.6%	94.6%
1	\$472	\$450	\$515	\$473	306	6	2.0%	81.0%	26.5%	78.8%	96.1%	88.2%	94.8%
2	\$572	\$550	\$644	\$622	726	14	1.9%	73.3%	16.9%	69.0%	93.9%	88.7%	84.7%
3	\$704	\$700	\$762	\$749	197	6	3.0%	80.2%	21.3%	77.2%	88.3%	85.8%	79.7%
Ketchikan-Gateway Borough													
0	\$504	\$475	\$530	\$535	113	0	0.0%	77.0%	48.7%	75.2%	89.4%	89.4%	88.5%
1	\$599	\$600	\$649	\$654	289	15	5.2%	84.4%	48.4%	72.0%	59.5%	58.5%	58.8%
2	\$795	\$800	\$883	\$901	257	21	8.2%	72.8%	23.0%	58.0%	42.8%	48.2%	40.5%
3	\$871	\$850	\$1,019	\$1,031	66	0	0.0%	40.9%	4.5%	25.8%	18.2%	15.2%	13.6%
Kodiak Island Borough													
1	\$739	\$850	\$781	\$881	95	3	3.2%	85.3%	3.2%	93.7%	94.7%	97.9%	97.9%
2	\$867	\$850	\$928	\$933	88	3	3.4%	63.6%	20.5%	85.2%	92.0%	100.0%	100.0%
3	\$1,059	\$1,100	\$1,143	\$1,148	32	1	3.1%	56.3%	9.4%	75.0%	93.8%	96.9%	96.9%
Matanuska-Susitna Borough													
0	\$388	\$425	\$411	\$453	26	2	7.7%	100.0%	3.8%	96.2%	50.0%	96.2%	100.0%
1	\$536	\$454	\$565	\$522	161	3	1.9%	90.7%	46.0%	83.9%	94.4%	96.3%	96.9%
2	\$569	\$575	\$627	\$628	477	9	1.9%	72.3%	9.2%	70.9%	74.0%	79.7%	84.5%
3	\$700	\$700	\$772	\$770	78	0	0.0%	61.5%	16.7%	50.0%	60.3%	60.3%	51.3%
Sitka Borough													
1	\$592	\$600	\$723	\$690	82	1	1.2%	42.7%	9.8%	40.2%	47.6%	43.9%	40.2%
2	\$619	\$625	\$744	\$738	139	4	2.9%	59.7%	5.0%	49.6%	37.4%	33.8%	33.1%
3	\$847	\$850	\$997	\$1,105	63	17	27.0%	41.3%	12.7%	36.5%	38.1%	36.5%	34.9%
Valdez-Cordova Census Area													
2	\$993	\$1,050	\$1,063	\$1,094	47	0	0.0%	61.7%	2.1%	61.7%	100.0%	100.0%	100.0%
3	\$961	\$885	\$1,015	\$939	33	20	60.6%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%
Wrangell-Petersburg Census Area													
1	\$616	\$550	\$665	\$647	67	7	10.4%	91.0%	40.3%	79.1%	56.7%	56.7%	50.7%
2	\$640	\$689	\$721	\$689	71	3	4.2%	83.1%	28.2%	62.0%	45.1%	35.2%	32.4%
3	\$830	\$816	\$891	\$831	18	2	11.1%	72.2%	55.6%	72.2%	72.2%	55.6%	55.6%

Source: Alaska Department of Labor,  
Research and Analysis Section, 1995  
Alaska Rental Survey.